

## **CHAPTER 5**

### **AUTOMOTIVE TAKE-BACK AND RECYCLING PROGRAMS**

**Case Study Prepared by:**

**Gary A. Davis**

**University of Tennessee**

**Center for Clean Products and Clean Technologies**

#### **5.1 INTRODUCTION**

This case study focusses on the automobile industry, probably the most significant industry sector in the U.S. economy. The life cycle of the automobile incorporates many other major industry sectors: petroleum, steel, aluminum, chemicals, plastics, synthetic fibers, glass, and electronics. The automobile industry is also unique in that it has long been focussed on extending environmental responsibility for its products beyond the manufacturing stage. Because the use stage of the automobile is a significant source of environmental impacts, with estimates that 80 - 90 percent of energy use, for instance, occurs during use,<sup>1</sup> the automobile industry has had particular focus on the use stage. Fuel efficiency standards and air emission standards have been the drivers for significant improvements in the environmental performance of the product during use.

The automobile industry also exerts tremendous influence on its supply chain. For many of its suppliers, the automobile industry is, by far, the largest customer. Therefore, it is no surprise that when automobile assembly plants have to deal with an environmental issue, such as emissions from painting, their suppliers are eager to partner with the auto companies to solve the problem in a life-cycle partnership by redesigning or reformulating the product. There are many examples of extended product responsibility in the automotive industry that are directed at the supply chain, which are beyond the scope of this case study.

This case study focusses on the end-of-life stage of the automobile. It discusses the overall industry response to the various pressures on the industry to increase recycling, particularly for the plastics increasingly used in the automobile. While there are numerous recycling initiatives that have been launched by U.S. automobile companies, this case study highlights two recycling initiatives that attempt, for the first time, to retrieve and recycle plastics from end-of-life vehicles into new vehicles.

## **5.2 PROBLEM AND INDUSTRY RESPONSE**

The automobile is one of the most recycled products in the world today, but the sheer number of end-of-life vehicles makes the remaining wastestream, which is primarily disposed of in landfills, a high priority for recycling efforts. The automotive industry and its suppliers in the U.S. have responded to market pressures at home and regulatory pressures abroad by beginning to create Extended Product Responsibility programs to reduce the portion of the car sent to landfill.

### **5.2.1 The Auto Shredder Residue Problem**

Approximately 12.2 million passenger and commercial vehicles were produced in the U.S. in 1994, and about 10 - 11 million vehicles are taken out of service each year.<sup>2</sup> The predominant method of dealing with end-of-life vehicles in the U.S. involves dismantling, shredding, and recycling of steel and aluminum. Dismantlers remove high-value parts for reuse and reconditioning. Shredders shred the auto hulks to recover ferrous and non-ferrous metals, which are sent to recycling mills. It has been estimated that 94 percent of the cars and trucks at the end of their useful lives is currently returned to dismantling and shredding facilities for recycling where approximately 75 percent of the vehicle, by weight, is recycled. With the number of automobiles, however, the 25 percent of the vehicle that is not recycled represents a major solid wastestream. This wastestream, which is composed primarily of plastics and fibers, is called auto shredder residue (ASR) or “fluff.” About 2.5 to 3.0 million tons of this waste are disposed of in solid waste landfills each year in the U.S.<sup>3</sup>

While there are no general restrictions on the land disposal of ASR in the U.S., and ASR is generally classified as non-hazardous waste, increasingly stringent regulations for municipal solid waste landfills have increased ASR disposal costs while reducing landfill capacity. Furthermore, ASR has, on occasion, failed the toxicity characteristic test for hazardous waste due to heavy metal contamination, and at least one state, California, has classified ASR as hazardous waste. Hazardous waste designation dramatically increases ASR disposal costs by requiring management in licensed hazardous waste facilities.

At the same time that ASR disposal has become more expensive and disposal capacity has declined, automotive manufacturers have turned more to plastics to reduce vehicle weight for fuel efficiency gains. This, in turn, has increased the percentage of ASR from shredders. Plastics content in an average vehicle in the U.S. increased nearly 50 percent between 1976 and 1992. With the steady reduction in readily recoverable metals combined with increasing landfill costs for ASR, some predict that the economic viability of the automobile shredder industry will be threatened.<sup>4</sup>

### **5.2.2 Proposed U.S. Legislation**

The U.S. House of Representatives proposed legislation in 1991 that was seen by the automobile industry as the harbinger of mandatory recycling. H.R. 3369, called the Automobile Recycling Study Act of 1991, was introduced by Representative Torricelli of New Jersey but did

not pass and was not reintroduced in subsequent Congresses. Included in the findings of the bill was the statement:

Automobile manufacturers must work in tandem with the producers of raw materials for automobiles, materials suppliers, the automotive dismantling industry, the scrap processing industry, chemical process engineers, and the recycling industry to develop a more recyclable automobile.

The bill would have required a study by the EPA, in cooperation with the Department of Transportation and the Department of Commerce, on the potential for increased recycling of automobile components in the U.S. and the steps needed to increase such recycling. The study would have included “methods for incorporating recyclability into the planning, design, and manufacturing of new automobiles” and the “feasibility of establishing design standards for automobiles that would result in a gradual phase-out of hazardous and nonrecyclable materials used in automobiles.”

### **5.2.3 European Regulations**

Faced with even more pressing problems of diminishing landfill space and increasing quantities of ASR, European governments have taken action to increase recycling of the automobile through new regulations based upon the principle of Extended Product Responsibility. The European regulations are an outgrowth of the approach that the German government took with packaging (i.e., requiring consumer product distributors to take responsibility for recycling the packaging of the products they sell). The German government proposed a similar rule for the automotive industry in 1992 that would have required auto manufacturers selling cars in Germany to take cars back at the end of their useful lives and to recycle a higher percentage of the materials back into new automobiles. That proposal has been supplanted by a recent voluntary agreement among auto manufacturers, auto scrappers, and the German government. Although the proposed rule has been supplanted, it has had an effect on auto recycling programs worldwide during the past four years.

The proposed Scrap Car Rule would have explicitly extended automobile manufacturers' responsibility for their products. It had the following goals for manufacturers:

- C Developing, designing, and producing automobiles and automotive parts and accessories that have a service life of “as long as possible” and that can be easily disassembled for reuse or material recycling.
- C Using materials that facilitate material recycling and that are marked in a uniform way so that they can be disposed of in an environmentally compatible way if material recycling is not feasible.
- C After disassembly, reusing parts in automobile manufacture or as spare parts or, for parts that cannot be reused, recycling the materials back into the manufacture of new automobiles.

The draft rule also set out take-back mandates which included requirements that:

- C The automobile producer must take its cars back from the last owner at the end of their useful life “principally” free of charge.
- C The withdrawal network must be at least in equal density to the sales network and have one withdrawal place or one pick-up system for each area engaged in disposal, even where there are no marketing offices of the automobile brand concerned.

Table 5-1 shows the reuse or material-recycling goals for the draft Scrap Car Rule.

**Table 5-1: German Draft Scrap Car Rule Goals for Material Reuse or Recycling Back Into the Automobile**

Material	Reuse or Recycling Goal for 1996 (%)	Reuse or Recycling Goal for 2000 (%)
Steel	about 100	about 100
Non-ferrous metals	85	90
Plastics	20	50
Tires	40	50
Other elastomers	20	30
Glass	30	50

The draft rule allowed producers or sellers of automobiles to use third parties to act on their behalf. Annual reports would have been required to show progress toward the recycling goals.<sup>5</sup>

As a result of the proposed rule, the automobile industry in Germany launched aggressive efforts to increase recycling in order to demonstrate that a voluntary industry approach can accomplish the goals of the regulation. The commitment of the automobile industry in Germany to recycling and certain political changes in the German federal government resulted in the replacement of the draft Scrap Car Rule with a voluntary agreement in March 1996.

The “Voluntary Pledge Regarding the Environmentally Compatible Management of End-of-Life Vehicles” pledges the following:

- C The automobile industry will take the lead in setting up a national infrastructure of certified dismantlers for taking back and recycling end-of-life vehicles from their last owners free of charge for automobiles produced after March 1996 that are 12 years old or less.
- C The reduction in ASR sent to landfills from approximately 75 percent by weight of the vehicle to a maximum of 15 percent by weight of the vehicle by 2002 and a maximum of 5 percent by 2015, with incineration with energy recovery as an option.
- C The recycling-oriented design of vehicles and their components.
- C The treatment of end-of-life vehicles in a manner that is compatible with the environment, particularly with regard to removal of fluids and dismantling, including more stringent environmental standards for dismantlers and shredders.

- C The development and optimization of materials loops and facilities for recovery, especially for shredder residue, in order to reduce demands on landfill capacity and natural resources.

Other European nations also have policies and regulations to promote greater recycling of the automobile. The Netherlands has set up a quasi-public company, funded by a fee on new automobiles, to take back end-of-life vehicles and increase recycling, and Sweden adopted a system in 1996 which will give automobile manufacturers more responsibility for recycling. In addition to these national policies, the European Commission is considering a European Union-wide directive on end-of-life vehicles that would allow some flexibility in implementation by EU member nations. The draft directive would require manufacturers to arrange for take-back of end-of-life vehicles free of charge and to recover 85 percent of the automobile for all models by 2002 (90 percent for new models) and 95 percent by 2015. In contrast to the German Voluntary Pledge, the draft directive would curtail the use of incineration of ASR with energy recovery to meet these goals, requiring at least 90 percent of the recovery by 2015 to be material recycling and not energy recovery.<sup>6</sup>

#### **5.2.4 General Response From the U.S. Auto Industry**

U.S. companies are responding to European regulations in four ways. First, they are preparing to comply with them in their European manufacturing and sales operations. Second, they are importing some of their experiences with increased recycling in Europe back to the U.S. Third, they are attempting to preempt the necessity for such regulations in the U.S. by demonstrating voluntary progress in recycling. Fourth, they are responding to competitive marketing pressures from European manufacturers, who were forced to institute early recycling efforts, in a U.S. market that is anticipated to stress recycling as a market attribute in the future.

One collective response from the U.S. industry was the creation of the Vehicle Recycling Partnership (VRP) in 1991 to promote and conduct research required for the technology to recover, reuse, and dispose of materials from scrap cars. The VRP is currently part of the United States Council for Automotive Research (USCAR), formed by GM, Ford, and Chrysler in 1992 to strengthen the technology base of the domestic auto industry through cooperative precompetitive research. The objectives of the VRP are to understand issues involved with vehicle recycling; interact with other researchers; conduct research and development of technologies and methods to recycle materials and components from scrap cars; and develop guidelines for design and material selection to facilitate recycling. One major project of the VRP is the Vehicle Recycling Development Center, established in 1993 as the first Big Three joint research facility. This Center works on dismantling scrap cars and is currently running at about two cars per day to facilitate the various research projects, which include fluid removal and recycling, economic analysis, resin identification, seat and foam recycling, glass recycling, carpet and interior trim recycling, and instrument panel and bumper recycling. In each of these projects, the VRP has reached out to the supply chain or to dismantlers, shredders, and recyclers for information and assistance. Finally, the VRP is working with the American Plastics Council on developing pyrolysis technology to decompose plastic wastes to a hydrocarbon gas and oil that can be used as a feedstock to produce new plastics.<sup>7</sup>

## **5.3 FORD BUMPER TAKE-BACK AND RECYCLING PROGRAM**

### **5.3.1 Extended Product Responsibility at Ford**

Ford Motor Company's Manufacturing Environmental Leadership Strategy contains the following goals reflecting a commitment to Extended Product Responsibility: 1) "prevent pollution at the early stages of process and product development; 2) reduce or eliminate use of materials of concern; 3) promote and plan for recyclability; and 4) obtain supplier support and involvement." Some highlights of Ford's implementation of these goals include Ford's Substance Use Restrictions, which specify substances to be restricted in or excluded from parts and materials supplied to Ford; Ford's Worldwide Recycling Guidelines to increase the use of recycled content and the recyclability of the materials used in the automobile; and an across-the-board target by Ford to achieve a minimum 25 percent post-consumer recycled content of the plastic materials used in Ford cars. The Recycling Guidelines are specific directions to designers and suppliers on materials selection with recycling in mind. For instance, the Guidelines recommend against the use of multi-layer materials covered with cloth and recommend that metallic fasteners be made from ferrous materials to facilitate magnetic separation after shredding.<sup>8</sup>

The Ford bumper take-back and recycling program described below is one specific instance of Ford's promotion of recyclability. Other Ford recycling projects include the use of more than 50 million recycled PET bottles to make parts of the front grill, luggage racks, and door padding for new vehicles, and recycling approximately one million scrap polypropylene battery cases per year into splash shields for 325,000 cars.<sup>9</sup>

### **5.3.2 Program Description**

The Ford take-back and recycling program for bumpers has evolved from unique partnerships between Ford and its material supplier, GE Plastics, and between Ford and an automotive plastics recycler, American Commodities, Inc., as well as a network of automotive dismantlers. Bumper recycling has been practiced commercially in Europe for several years, particularly by Ford.<sup>10</sup> Ford started its bumper recycling program in the U.S. in 1993 as a pilot program to recycle plastic bumper material into tail light housings. Today the program is recycling bumper material back into bumpers.<sup>11</sup>

Since around 1986 most Ford bumpers have been made of Xenoy resin, an engineered plastic produced by GE Plastics. Xenoy is a blend of polyester and polycarbonate resins, which is well-suited for use in bumpers because of its strength and flexibility throughout the range of conditions faced by automobiles.<sup>12</sup> Ford currently manufactures approximately 7,000 bumpers per day.<sup>13</sup>

The bumper take-back and recycling program began with an arrangement between GE Plastics and Ford to test bumper recycling at Ford's Atlanta assembly plant. Ford began by using material salvaged from Ford plastic bumpers from Taurus, Sable, Tempo, Topaz, Aerostar, Escort, and Tracer models to mold new tail light housings for the Ford Taurus and Mercury Sable wagons. Each recycled bumper yields about 30 new tail light housings. The plastic bumpers were

converted into clean plastic flake, which GE Plastics regenerated into pellets. The recycled resins were molded into tail light housings by Ford's Sandusky, Ohio plastics processing plant.<sup>14</sup> Ford found that the tail light housings made from recycled bumper material met stringent quality and safety standards while costing less to produce.<sup>15</sup>

In the pilot program GE Plastics took post-use Ford Xenoy bumpers from Ford dealers and bumper shops and from automobile dismantlers and supplied them to a plastics recycler, Recycling Separation Technologies, Inc., of Lowell, Massachusetts. The purified regrind was sent back to GE Plastics, which recompounded it and sold it to Ford for reuse.<sup>16</sup>

Ford also began a partnership in 1992 with American Commodities, Inc., a plastics recycler from Flint, Michigan. At first, American Commodities recycled plant scrap for Ford before approaching Ford to participate in the bumper recycling program.<sup>17</sup> The company had developed a process for paint removal from Xenoy plant scrap and expanded that process to make it applicable to the variability of post-consumer bumpers.<sup>18</sup> American Commodities reprocesses post-use bumpers into compounds called Enviralloy, which Ford reuses in new automobile parts, using proprietary technologies to remove up to 99.7 percent of paint residue and to "rejuvenate" and enhance material properties.

In order to collect bumpers for recycling American Commodities has developed a network of 400 dismantlers across the country for the take-back program and has provided them with a written specification on methodologies for dismantling and product identification.<sup>19</sup> The company pays dismantlers \$4.00 each for the bumpers and has 25 - 30 regional collection points for transport of the bumpers to the American Commodities recycling plant.<sup>20</sup>

### **5.3.3 Current Status of Program**

The bumper recycling program currently recycles bumper material into new bumpers and is recycling approximately 1.5 million pounds of Xenoy plastic per year.<sup>21</sup> Ford is not currently using recycled Xenoy from GE Plastics, but is relying entirely on American Commodities for its supply.<sup>22</sup>

Ford found that greater cost savings were achieved in recycling bumper material back to bumpers, instead of tail light housings, because the virgin Xenoy material for bumpers is more expensive than the virgin ABS material that has traditionally been used by Ford for tail light housings. As of 1995 Ford began making guide brackets (a non-crash component) for new bumpers using 100 percent recycled Enviralloy from American Commodities. In 1996 Ford began using 25 percent recycled Xenoy in new Xenoy bumpers for box beam applications. The recycled material is currently being used for Contour and Mystique bumpers.<sup>23</sup> Ford is also planning to use recycled Xenoy at a rate of approximately 0.5 million pounds per year in service parts for bumpers for all models of Ford cars.<sup>24</sup>

American Commodities collects and recycles more Ford bumper material than is currently reused by Ford. The company is currently recycling 6 - 8 million pounds per year and sells the recycled material Ford does not use to other manufacturers. The material is sold at a 25 - 30 percent cost savings as compared to virgin Xenoy.<sup>25</sup>

### 5.3.4 Drivers For and Benefits of the Program

The bumper recycling program was driven first by Ford's commitment to recycling and recycled content for its cars. This commitment is an important part of Ford's environmental strategy and has been emphasized by high-level management.<sup>26</sup> The pull from a major customer, Ford, was sufficient to interest GE Plastics in participating initially. Ultimately, the profit motive was the driver for American Commodities' participation in the program.

Benefits to Ford include:

- C Ford is saving money. The recycled Xenoy is cheaper than virgin Xenoy and also cheaper than other virgin resins with similar properties that could be used for the applications in which Ford is using the recycled resin.<sup>27</sup> Recycling of Xenoy resin is economically attractive, because the virgin resin is relatively expensive. American Commodities sells Ford Enviroloy resin for 25 - 30 percent less than virgin prices.<sup>28</sup> Ford estimates that it will save about \$1 million per year with the bumper recycling program.<sup>29</sup>
- C Ford is demonstrating its commitment to environmental protection and to its recycling goals, which provide corporate image and marketing benefits.<sup>30</sup> A 1993 report by Arthur D. Little, Inc. says that "by the year 2010, 26.7 percent or 57 million potential car buyers will come from the environmentally educated generation." The implication is that tomorrow's car buyers will base their purchase decisions, in part, on just how recyclable that new Ford really is.<sup>31</sup>
- C Ford sees its increased recycling as evidence that potentially costly take-back and recycling mandates for cars are unnecessary in the U.S.<sup>32</sup>
- C The manufacturing and recycling processes for Ford cars benefit from the reduction in the total numbers of plastic resins used in the car through cascade recycling (reusing higher-quality materials in lower-quality applications).<sup>33</sup>

The bumper recycling program at Ford represents approximately 125,000 bumpers per year that are being diverted from the ASR landfill stream. Additionally, American Commodities is diverting approximately 300,000 more bumpers per year. The use of recycled bumper material replaces the equivalent in virgin resin production, reducing resource and energy use as well as environmental releases during production.

### 5.3.5 Barriers to the Program

Significant barriers to implementation of the bumper recycling program have been technical, economic, regulatory, liability, and institutional. The primary technical barrier was the difficulty in removing paint and other materials from the plastic material to be recovered. Although paint removal processes have been developed, the use of recycled bumper material is still limited in visible surface applications because of this technical problem.

The economic barriers stem partly from this technical barrier and partly from the lack of an established infrastructure for getting the bumpers from dismantlers to recyclers. The cost of recovering and cleaning up the bumpers ultimately made the program less attractive for the large



virgin materials supplier, GE Plastics, which partnered with Ford to initiate the program, than for a small plastics recycler with lower overhead willing to develop the recycling infrastructure with dismantlers. When American Commodities offered a significant price discount for recycled material as compared to virgin, GE Plastics decided to place its participation in the program on hold.

The main regulatory barrier to the bumper recycling program has been the crash worthiness standard that requires extensive testing of recycled material to determine whether it performs as well as virgin material. For this reason, Ford chose initially to utilize 100 percent recycled material in parts that do not absorb crash impacts and to utilize only 25 percent recycled content in parts that are integral to impact absorption. Even with the limited recycled content used in impact-absorbing parts, Ford tested five times as many bumpers to demonstrate compliance with the crash worthiness standard than it would normally test for virgin material. The potential liability associated with supplying a recycled material that is expected to provide a measure of safety for vehicle occupants was also a concern of GE Plastics. GE felt that it would be potentially more difficult to control the quality of the recycled material for this critical application.

Finally, there were the institutional barriers to changes in the status quo that exist in most institutions and barriers to the types of life-cycle partnerships that are necessary for EPR to operate in such a large, diverse industry. Ford designers were concerned about any changes in material quality that might affect the performance of the bumpers. GE Plastics was concerned about handling potentially contaminated scrap in its clean virgin material manufacturing facilities. The success of the program depends upon the willingness of auto dismantlers and recyclers to remove and clean the bumpers in a manner that facilitates recycling while being economically attractive to the dismantler. This partnership between American Commodities and the dismantlers would have been more difficult for larger companies, like GE or Ford, to develop directly.

## **5.4 SATURN CORPORATION BUMPER TAKE-BACK AND RECYCLING PROGRAM**

### **5.4.1 Extended Product Responsibility at General Motors**

The Saturn Corporation is a subsidiary of General Motors (GM) and works under GM's environmental policies and principles. GM has acknowledged Extended Product Responsibility in its corporate Environmental Principles, which include the following:

*We are committed to reducing waste and pollutants, conserving resources and recycling materials at every stage of the product life cycle.*

GM has also adopted the principles put forward by the Coalition for Environmentally Responsible Economies (C.E.R.E.S.), which is a coalition of investors, public pension trustees, foundations, labor unions, and environmental, religious and public interest groups, which believes that globally sustainable economic activity must be environmentally responsible. Those principals include the following:

*We will make every effort to use environmentally safe and sustainable energy sources. We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell.*

*We will reduce and where possible eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services and try to correct unsafe use.*

GM has also adopted hazardous substances restrictions for materials and products supplied to GM and has developed recycling guidelines used in the design and supplier selection processes. GM also has an innovative relationship with its chemical suppliers where manufacturing facilities enter into “chemical management” contracts in which suppliers receive a fee based upon GM production levels, not based upon volume of chemicals used. Facilities with such contracts in place have realized an average reduction of 30 percent in their chemical usage and up to \$750,000 savings per year.<sup>34</sup>

#### **5.4.2 Program Description<sup>35</sup>**

Saturn been one of the leaders in developing strategies for greater recycling of plastics used in the automobile. Saturn is one of the first U.S. auto manufacturers to begin a recycling program for post-consumer plastic parts. This program involves a take-back system from Saturn body shops for damaged parts.

Saturn uses TPO (thermoplastic olefins) in the front and rear facia (bumpers) for its automobiles. The facia are painted during the painting of the automobile. While TPO is readily recyclable without paint, painting makes recycling more difficult and results in the recycled material being less suitable for appearance applications like facia and interior trim. Painted plastics can be recycled by blending in with like material for non-appearance applications such as wheel liners.

Saturn began the recycling program with plant scrap, recycling the painted bumper scrap into wheel liners by simply regrounding it and adding it to virgin resin during the injection molding process. In February 1993 Saturn started a pilot program for taking back post-consumer bumpers from body repairs through Saturn retailers. Over a two-month period, 17 participating retailers collected 120 facia, which were recycled with the plant scrap. The post-consumer material showed the same quality as the plant scrap, and the pilot was successfully completed in September 1993.

A full-scale program for collecting bumpers from all of the 340 Saturn retailers was begun in December 1994. First, the retailers collect damaged bumpers from Saturn body shops, which are typically independent companies. The retailers are responsible for establishing this program with the body shops. The body shops transport the damaged bumpers to the retailer when they pick up new parts.

Similarly, when new parts are transported to the Saturn retailers from the Saturn plant in Spring Hill, Tennessee, the trucks pick up the damaged bumpers and return them to the Saturn plant for consolidation. In this manner, there is no extra cost for transporting the bumpers from the retailers to the Saturn plant, because the trucks would have normally returned empty.

Currently, when the parts are returned to the Saturn plant, they are stored in bins and are eventually loaded onto a truck and shipped to a processing facility in Lawrenceburg, Indiana. This shipment is at Saturn expense and constitutes the major expense of the Saturn program. At this point, American Commodities takes ownership of the bumpers. There, any brackets, headlamps, reflectors and bumper stickers are removed, and the facia are ground before transport to a recycling facility in Flint, Michigan. The American Commodities facility removes the paint and reextrudes and pelletizes the plastics and sells the recycled resins to manufacturers.

### **5.4.3 Current Status of Program**

The Saturn program is currently collecting approximately 15 bumpers per day. Each bumper weighs about nine pounds, so the program represents a diversion of approximately 47,000 pounds per year of plastic from landfill disposal. This quantity of bumpers, however, represents only about ten percent of the new bumpers being shipped to retailers for repairs to Saturn cars. So, there is potential for dramatically increasing the amount of plastics recycled in the program. With 18 pounds of plastic in the front and rear bumpers and over one million Saturns on the road, the eventual diversion from disposal can be very significant.

Currently, the recycled material from American Commodities is not directly incorporated back into new Saturns. Saturn's first priority has been the recycling of plant scrap, and the molding of new wheel wells is now being fed with painted fender scrap from the plant. Saturn has plans to recycle the post-consumer painted bumpers taken back in the Cadillac Division of GM. The bumpers will be ground at or near the Saturn plant, and the ground plastic will be shipped to the molder of wheel wells for the Cadillac plant. This "in-house" recycling will increase the value of the scrap, minimize shipping costs, and provide the benefit of the cost savings within GM.

### **5.4.4 Drivers For and Benefits of the Program**

Saturn is committed to reducing solid waste disposal from all of its operations and has enlisted all of its organization, including Saturn retailers, in the recycling program. The benefits to Saturn of the current bumper recycling program include avoided land disposal costs for Saturn repair shops. Once the bumpers are recycled into wheel wells for new Cadillacs, GM will also benefit from reduced material costs for the production of wheel wells, and Saturn will receive a higher return on the sale of the recycled material.

Product design changes have not been necessary to facilitate facia take back and recycling, because the bumpers are readily removed from the car and are made of an easily recycled material. As Saturn focusses more on post-consumer recycling, however, it expects to facilitate the disassembly of components through necessary design changes and to consolidate materials to reduce materials diversity.

### **5.4.5 Barriers to the Program**

The principal technical barrier for the program, as with the Ford program, has been the removal of paint and contaminants from the scrap bumpers. The economics of the program for Saturn could be improved if the transport costs could be decreased by doing more of the cleaning and grinding of the bumpers near the Saturn plant and could also be improved by reusing the bumper material within GM, as is planned. While Saturn's approach to taking back bumpers from its retailers and repair shops is innovative and efficient, the company has not yet tackled the infrastructure for retrieving bumpers from automobile dismantlers. This institutional barrier may be overcome by the partnership with American Commodities and its dismantler network, but as of yet, there is not a large number of end-of-life Saturns finding their way to dismantlers.

## **5.5 CONCLUSIONS**

Through the bumper recycling programs at Ford and Saturn, the U.S. automobile industry is experimenting with a limited version of take back that was driven by a commitment to recycling automotive plastics but is being sustained by cost savings for the auto companies and profits for the recycling industry. Instead of setting up a whole new infrastructure for taking back and recycling automobiles, the programs rely instead upon the existing service and recycling infrastructure, with the addition of new plastics recycling ventures. At least for relatively large, readily disassembled plastic parts made from relatively expensive engineered plastics, like bumpers, the profit motive has been sufficient to mobilize the existing infrastructure.

These programs represent extended product responsibility because the manufacturers of automobiles have assumed more responsibility for managing materials from end-of-life vehicles. In the case of Ford, the program also demonstrated shared responsibility by the material supplier, GE Plastics. Both Ford and Saturn have partnered with the recycler, American Commodities, with the aim of creating both the supply of and demand for the recycled bumper material. By taking back the bumpers, they have shifted the physical and economic responsibility for managing some of the components of auto shredder residue from the shredders to themselves. Although it is a small step, it begins to improve the economics of metals recovery from the automobile at a time when the percentage of plastics in the car is increasing.

Both programs at this early stage are only recycling a small percentage of end-of-life bumpers available for recycling. The higher amounts of bumpers being recycled in the Ford program are partly indicative of the greater number of end-of-life bumpers available, but also indicative of a program that created a steady demand for the recycled material before collecting it. The automobile industry, with its large demand for plastics, can create the demand for recycled plastics from automobiles that will be necessary to develop and sustain the recycling infrastructure there.

Both the Ford and Saturn programs highlight a conscious technology development strategy of the U.S. automotive industry to leverage programs for recycling plant scrap to ultimately take care of end-of-life plastic parts. Both companies dealt with technology

requirements for recycling painted plant scrap before dealing with the more difficult problems of end-of-life parts. Both companies have found out, however, that end-of-life parts are more difficult to recycle, because they often include foreign objects, like bumper stickers, and the properties of the plastics degrade somewhat over time.

The extent to which the two companies created life-cycle partnerships in the bumper recycling programs differed. The Saturn program had no parallel to the Ford/GE Plastics partnership. The fact that GE Plastics is no longer involved in the partnership, however, can be seen as both a success and a failure. The company's extended product responsibility approach succeeded in satisfying the needs of a major customer by demonstrating that its product could be successfully recycled. But the company is now in direct competition with its own recycled product without any direct influence over the manner in which it is recycled or the quality of the material.

Both programs also demonstrate the importance of economics to voluntary EPR initiatives. While attention to end-of-life vehicle recycling in the U.S. is at least partly being driven by the desire to avoid a regulatory approach, it is clear that economics matter to the companies involved. Given the costs of dismantling, sorting, collecting, transporting, and cleaning plastic parts for recycling, it is likely that the economics will only be positive for high-value plastics in large parts that are readily disassembled. The economics are also more positive when the recycled material can directly substitute for a similar high-value virgin material, instead of a lower-value virgin material.

It remains to be seen whether U.S. automotive company recycling efforts that depend upon positive economics throughout the product chain will result in a significant increase in the percentage of materials recovered from end-of-life vehicles. To achieve European targets in the U.S. will require recycling of more plastic parts beyond bumpers or a reliance upon technologies that recover materials or energy directly from ASR. The German voluntary agreement, on the other hand, commits the auto industry to internalizing the costs of increased recycling, even if they are not offset by cost savings of recovered materials or reduced disposal costs.

## ENDNOTES

1. For example, BMW estimates that 90 percent of the total energy consumption of a car is from consumer use, 8 percent is from production and 2 percent is from the recycling of materials. Dr. Rudolf Stauber, BMW, October 13, 1992, Landshüt, Germany. Personal Communication to Lori E. Kincaid, University of Tennessee, Center for Clean Products and Clean Technologies.

University of Stüttgart researchers cite figures of 83 percent of total energy use (including 1.5 percent for repairs) during consumer use, 6.9 percent during manufacture, 2.3 percent during assembly, and 7.8 percent by utilization of residual materials. Eyerer, P., T. Dekorsy and M. Schuckert. 1991. "Integral Assessment of Products and Processes." *Kunststoffe German Plastics*. No. 81.

The Environment Ministry of Japan has used life-cycle assessment to estimate that 5 percent of the life cycle energy use of the car is from the vehicle manufacturing process, about 9 percent from materials production, and about 86 percent from the use of the car. Moriguchi, Yuichi, Shimizu Hiroshi and Yoshinori Kondo. 1992. "Analysis and Management of Life Cycle Environmental Impacts of Automobiles - CO<sub>2</sub> Emission Analysis, New Policy on Recycling, and Other Recent Topics." *Cleaner Production Strategies for the Automotive Sector*. Invitational Expert Seminar, Lund University, Sweden, December 11-12, 1991.

2. *World Motor Vehicle Data: 1996 Edition*. 1993. American Automobile Manufacturers Association.

3. Curlee, Randall T., Sujit Das, Colleen G. Rizy and Susan M. Schexnayder. 1994. "Recent Trends in Automobile Recycling: An Energy and Economic Assessment." Prepared by Oak Ridge National Laboratory for U.S. Department of Energy, Office of Environmental Analysis. March.

4. Curlee, Randall T., Sujit Das, Colleen G. Rizy and Susan M. Schexnayder. 1994. "Recent Trends in Automobile Recycling: An Energy and Economic Assessment." Prepared by Oak Ridge National Laboratory for U.S. Department of Energy, Office of Environmental Analysis. March.

5. "Draft Regulation About the Avoidance, Decrease and Recycling of Wastes from the Disposal of Automobiles: Unauthorized Translation." 1992. German Environment Ministry. August 17.

6. Kincaid, Lori, Catherine Wilt, Gary Davis, James Lumley, Fred Stoss and Elithe Carnes. 1996. *Vehicle Recycling and Disposal Policies in Industrialized and Developing Countries*. Prepared by the University of Tennessee Center for Clean Products and Clean Technologies for American Automobile Manufacturers Association. July 25.

7. Poston, Irvin. 1995. "An Update on VRP Programs at the Vehicle Recycling Development Center." General Motors Technical Center. Warren, Michigan. October.

8. Wrigley, Al. 1993. "Ford Aims to 'Unclog' Recycling." *American Metal Market*. Vol. 101, No. 118. June 21.

9. Lang, Nancy. 1995. "Auto Industry Targets Fluff for Recycling." *Waste Age*. Vol. 26, No. 1, p. 80. January.
10. Sherman, Lilli Manolis. 1996. "Giving Bumpers New Life: Compounders Take the Lead in Post-Use Bumper Recycling." *Plastics Technology*. Vol. 42, No. 3, p. 27. March.
11. Anthony Brooks, Ford Motor Company, August 23, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
12. "Resins for Products, Not for Landfills." 1995. *Waste Treatment Technology News*. Vol. 10, No. 5. February.
13. Mike Patalan, Ford Motor Company, September 6, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
14. "Resins for Products, Not for Landfills." 1995. *Waste Treatment Technology News*. Vol. 10, No. 5. February.
15. Shearer, Brent. 1995. "Auto Makers Try Resin Recycling." *Chemical Marketing Reporter*. Vol. 24, No. 1, p. 7. January 2.
16. Sherman, Lilli Manolis. 1996. "Giving Bumpers New Life: Compounders Take the Lead in Post-Use Bumper Recycling." *Plastics Technology*. Vol. 42, No. 3. March.
17. Anthony Brooks, Ford Motor Company, August 23, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
18. Mark Lieberman, American Commodities, Inc., August 28, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
19. Sherman, Lilli Manolis. 1996. "Giving Bumpers New Life: Compounders Take the Lead in Post-Use Bumper Recycling." *Plastics Technology*. Vol. 42, No. 3, p. 27. March.
20. Mark Lieberman, American Commodities, Inc., August 28, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
21. Anthony Brooks, Ford Motor Company, August 23, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
22. Mike Patalan, Ford Motor Company, September 6, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
23. Sherman, Lilli Manolis. 1996. "Giving Bumpers New Life: Compounders Take the Lead in Post-Use Bumper Recycling." *Plastics Technology*. Vol. 42, No. 3. March. Mike Patalan, Ford Motor Company, September 6, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.

24. Mike Patalan, Ford Motor Company, September 6, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
25. Mark Lieberman, American Commodities, Inc., August 28, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
26. Mike Patalan, Ford Motor Company, September 6, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
27. "Post-Consumer Bumper Recycling." 1995. *Automotive Engineering*. Vol. 103, No. 6. August.
28. Sherman, Lilli Manolis. 1996. "Giving Bumpers New Life: Compounders Take the Lead in Post-Use Bumper Recycling." *Plastics Technology*. Vol. 42, No. 3, p. 27. March.
29. Anthony Brooks, Ford Motor Company, August 23, 1996. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.
30. "Post-Consumer Bumper Recycling." 1995. *Automotive Engineering*. Vol. 103, No. 6. August.
31. Washington, Frank. 1995. "The War on Waste Recycling in the Automobile Industry." *Ward's Auto World*. Vol. 31, No. 9, p. 61. September.
32. "Post-Consumer Bumper Recycling." *Automotive Engineering*. Vol. 103, No. 6. August.
33. "Post-Consumer Bumper Recycling." *Automotive Engineering*. Vol. 103, No. 6. August.
34. General Motors Environmental Report. 1994.
35. Deirdre Pettigrew, Saturn Design Center, December 1995 and February 1996, Troy, Michigan. Personal Communication to Gary A. Davis, University of Tennessee, Center for Clean Products and Clean Technologies.



## **CHAPTER 6**

### **INDUSTRY PROGRAM TO COLLECT AND RECYCLE NICKEL-CADMIUM (Ni-Cd) BATTERIES**

**Case Study Prepared by:  
Bette K. Fishbein  
INFORM, Inc.**

#### **6.1 INTRODUCTION**

This case study looks at one particular example of extended product responsibility: manufacturers taking responsibility for their products after they are discarded and become waste. The manufacturers of nickel-cadmium batteries (Ni-Cds) and products that contain such batteries have launched a national program to collect and recycle these batteries, at industry expense.

Many battery types can pose serious problems when disposed of as municipal waste; their toxic constituents can be released into the environment from municipal landfills and incinerators, causing damaging health effects. These problems can be ameliorated by reducing the amount and/or toxicity of batteries in the wastestream or by recycling them.

One possible strategy would be to reduce the number of battery-powered products used. This is controversial in an economic system predicated on consumption and growth and is beyond the scope of this report. In fact, the battery industry has worked in recent years to reduce the amount and toxicity of batteries in the wastestream in other ways by: 1) redesigning batteries to reduce or eliminate the toxic constituents; 2) substituting batteries with less toxic constituents; and 3) reducing the number of batteries discarded by extending battery life. Now a major program is being launched to increase recycling. Since batteries are not homogeneous with respect to material composition, design or function, different strategies have been appropriate for the different battery types (described in section 6.2).

As will be discussed in this case study, Ni-Cds cannot be redesigned to eliminate cadmium (the toxic constituent), since cadmium is essential to the battery's function. Batteries with less toxic constituents have been substituted for Ni-Cds but this is not technically possible for all applications. Product life of Ni-Cds has already been extended (as compared to conventional single-use batteries) because they are reusable/rechargeable. The Ni-Cd industry is now opting to address the problem its batteries pose in the wastestream by taking back Ni-Cds and recycling them at industry expense.

Legislation mandating industry take-back or the threat of such legislation has spawned numerous recovery systems for packaging, autos, batteries and electronics around the world, particularly in western Europe. In the U.S., some companies have established programs to take back and recycle or reuse their own products, such as Kodak's take-back program for its single-use cameras. The program now being launched for Ni-Cd batteries is the first nationwide take-

back program in the U.S. that involves an entire industry, including many companies, and creation of a separate organization to operate and fund the system.

The mechanisms of such a program are of interest because they address key questions pertinent to take-back systems in general such as: who is responsible? what are the logistics of take-back? and how can such a system be funded? Understanding the system to take back Ni-Cd batteries could be useful in considering how to deal with other problem products in the wastestream. For example, experience with Ni-Cds could be informative for those considering take-back programs for other battery types, fluorescent light bulbs, mercury switches/thermostats, paints and pesticides, and consumer electronic goods and appliances.

## **6.2 THE PROBLEM OF BATTERIES IN MUNICIPAL SOLID WASTE**

### **6.2.1 Wet Cell Batteries**

There are two major categories of batteries: wet cell and dry cell. Most wet cell batteries are lead-acid batteries primarily used for automotive products. About 80 million automotive batteries are sold in the U.S. each year. Discards of these batteries accounted for 1.7 million tons of municipal solid waste (MSW) in 1994. Although less than one percent of the total of 209 million tons of MSW generated, automotive batteries accounted for about two-thirds of the lead in MSW.<sup>1</sup>

Serious concern about the environmental and health impacts of lead spurred EPA to declare lead-acid batteries a hazardous waste in 1985. The majority of states have legislation to remove these batteries from MSW incinerators and landfills — requiring that the batteries either be recycled or disposed of in hazardous waste facilities. Many states have regulations and deposit systems to encourage return of lead-acid batteries. The recycling rate for battery lead in 1993 was estimated at 95 percent, so it has largely been eliminated from MSW incinerators and landfills.<sup>2</sup>

### **6.2.2 Dry Cell Batteries**

#### ***Primary and Rechargeable Batteries***

The other major category of batteries is dry cell batteries, also known as non-automotive, or consumer batteries. There are two basic types of dry cell batteries — primary and rechargeable. Most dry cells (almost 90 percent in 1992) are primary batteries that must be replaced once discharged. On the other hand, rechargeables can be used repeatedly because the chemical reaction that creates the energy can be reversed, thereby recharging the battery. Rechargeables initially may be more expensive than primary batteries, and require purchase of a recharger, but each rechargeable may substitute for hundreds of primary batteries and cost less than the primary batteries it replaced over its life. About 80 percent of rechargeable batteries are composed of nickel and cadmium and are known as Ni-Cds.<sup>3</sup> A Ni-Cd battery can be recharged hundreds of times.

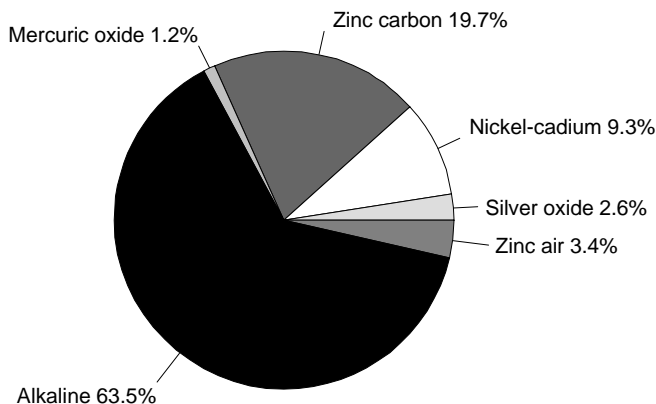
In 1993, Rayovac introduced a new mercury-free, alkaline battery that can be recharged. Unlike most other rechargeables, it is non-toxic. Rayovac is marketing this as a “renewable” battery rather than a rechargeable, mainly because the company does not want it to be categorized with the other rechargeables with toxic constituents. This new battery competes for market share both with primary batteries and rechargeables, but it cannot be recharged as many times as a Ni-Cd.

### ***Markets for Dry Cell Batteries Increasing***

Publicly available data on battery sales in the U.S. are very limited. Battery manufacturers are in intense competition for market share and do not release their sales data.

A detailed study of batteries, *Getting a Charge Out of the Wastestream*, estimated that 3.5 billion consumer batteries were sold in the U.S. in 1992 — almost ten percent were Ni-Cds.<sup>4</sup> Figure 6-1 and Table 6-1 show the types of consumer batteries and changes in market share from 1985 to 1992. Table 6-2 shows the types of batteries by units sold and by weight in 1992. Ni-Cd sales in the U.S. were estimated at 326 million units in 1992, or about ten percent of total sales, as shown in Table 6-2. Whereas total consumer battery sales increased about 40 percent between 1985 and 1991, the sales of Ni-Cds increased 60 percent in the same period.<sup>5</sup>

**Figure 6-1: 1992 Sales Percentage of Domestic Household Batteries in the U.S.**



Source: *Handbook of Solid Waste Management*. McGraw-Hill, p. 9, 151.

Note: Lithium batteries accounted for 0.2 percent of battery sales in 1992.

**Table 6-1: Percentage Sales of Domestic Household Batteries in the U.S., 1985-1992**

Battery Type	1985	1986	1987	1988	1989	1990	1991	1992
Alkaline	53.48	54.76	57.45	59.26	60.62	61.78	62.72	63.47
Zinc-Carbon	31.73	30.53	27.75	25.73	23.98	22.43	21.01	19.70
Mercuric Oxide	2.58	2.34	2.10	1.85	1.65	1.50	1.37	1.24
Silver Oxide	3.30	3.17	3.00	2.89	2.80	2.73	2.64	2.57
Zinc-Air	0.93	1.07	1.39	1.75	2.03	2.40	2.86	3.38
Sealed Nickel-Cadmium	7.98	8.13	8.30	8.52	8.75	8.97	9.18	9.40
Lithium	N/A	N/A	N/A	N/A	0.17	0.19	0.21	0.23
Totals	100.00	100.00	99.99	100.00	100.00	100.00	99.99	99.99

Source: Hurd, David. 1992. *Getting a Charge Out of the Wastestream*. R2B2, April 17, p. 59.

**Table 6-2: Estimated Domestic Household Batteries Sold in the U.S., 1992**

Battery Type	Units Sold (millions)	Weight (000s pounds)
Alkaline	2,200	202,712
Zinc-Carbon	683	62,917
Mercuric Oxide	43	149
Silver Oxide	89	180
Zinc-Air	117	402
Sealed Nickel-Cadmium	326	24,057
Lithium	8	490
Total	3,466	290,906

Source: Hurd, David. 1992. *Getting a Charge Out of the Wastestream*. R2B2, April 17, p. 70.

Comparable information on battery sales is not publicly available for 1995, but industry estimates indicate that the market for rechargeable batteries is growing faster than the market for non-rechargeable (primary) batteries.<sup>6</sup> About 80 percent of rechargeable batteries are not sold separately but rather are enclosed in products. The remainder are sold directly to consumers, at retail. According to the National Electrical Manufacturers Association (NEMA), the U.S. retail market for rechargeables is growing twice as fast as the retail market for primary batteries, with compound annual growth of nine percent from 1992 - 1994.<sup>7</sup> The Ni-Cd industry estimates that its batteries had double digit annual growth in the 1980s; this slowed to single digit in the 1990s, but is expected to average over six percent per year.<sup>8</sup>

In general, batteries are becoming much more prevalent due to the dramatic increase in items that require their use, such as battery powered toys and tools, small electrical appliances like toothbrushes and shavers, video cameras, cellular phones, and portable computers. Norm England, President of the Portable Rechargeable Battery Association, says that what is driving the sharp increase in rechargeable batteries is the “consumer’s wish to be free of a cord.”<sup>9</sup>

### ***Substitution for Ni-Cds***

As already noted, about 80 percent of rechargeable batteries are Ni-Cds. Other types of rechargeables in use today are lithium-ion, nickel-metal hydride, small sealed lead-acid, and rechargeable alkaline manganese batteries. None of these battery types are included in the data in Figure 6-1 or Tables 6-1 and 6-2 because these batteries were not available in significant amounts in 1992, or earlier.

Markets for rechargeable batteries cover a broad range of power requirements — from low power drain (portable computers) to high power drain (power tools). At present other rechargeables compete with Ni-Cds for low power drain applications. Ni-Cds have rapidly lost market share to nickel-metal hydride and lithium-ion batteries for use in portable computers.<sup>10</sup> But only Ni-Cds can be used for high power drain applications such as power tools. Ni-Cds continue to dominate the markets for such devices and for other products including electric appliances like “dustbusters,” cellular phones, and video cameras.

### ***Batteries Contain Hazardous Materials***

Four billion consumer batteries translate to about 15 sold for each man, woman, and child in the U.S. each year. About 146,000 tons of consumer batteries are disposed of each year. These accounted for less than 0.1 percent of MSW in 1992, but they are of concern because they contribute a disproportionate percentage of certain toxic heavy metals, primarily mercury and cadmium, to the wastestream.<sup>11</sup>

In 1989, consumer batteries accounted for 88 percent of the mercury and 54 percent of the cadmium in MSW. Due to the increase in Ni-Cd use, batteries are expected to contribute almost 75 percent of the cadmium in the wastestream by 2000.<sup>12</sup> Discards of cadmium in batteries and appliances nationwide are projected to increase from 1,305 tons in 1990 to 2,032 tons by 2000.<sup>13</sup>

Dramatic progress has been made in the U.S. in redesigning batteries to eliminate mercury content, primarily driven by state mandates.<sup>14</sup> In 1992, the battery industry consumed 98.44 percent less mercury than it did in 1984.<sup>15</sup> This has been possible because most mercury was used in batteries as a gas suppressing additive that could be eliminated by design changes. Further reductions in the use of mercury in batteries will result from *The Mercury Containing and Rechargeable Battery Management Act*, discussed in section 6.3.1.

Cadmium, on the other hand, is used as an electrode material, the power source of the battery. The amount of cadmium in Ni-Cds cannot be reduced because this would cause a proportionate reduction in the energy output of the battery. Cadmium typically accounts for 11 - 15 percent of Ni-Cd battery weight.<sup>16</sup> As discussed earlier, the problem of cadmium in the environment is being addressed by substituting other batteries with less toxic components for Ni-Cds or by assuring that Ni-Cds are recycled and do not enter MSW landfills and incinerators.

The environmental release of cadmium poses potential health threats. Cadmium can accumulate in the environment by leaching into ground water and surface water from landfills, and it can enter the atmosphere through incinerator smokestack emissions. Effective air pollution control equipment at incinerators traps cadmium, which ends up in the ash, causing problems of cadmium in ashfill leachate. Cadmium is toxic to fish and wildlife and can pass to humans through the food chain. It has been associated with numerous human illnesses particularly lung and kidney damage. Once absorbed in the body, cadmium can remain for decades.<sup>17</sup>

Because of the heavy metals they contain, managing batteries as part of the municipal solid wastestream is costly. The costs of diverting batteries can be lower than the back-end costs to the municipal waste system of pollution control devices at incinerators and landfills (such as lime addition at incinerators and double composite liners at landfills). Battery diversion can also decrease costs by reducing the amount of ash from municipal incinerators that must be disposed of as hazardous waste.

## **6.3 DRY CELL BATTERY REGULATIONS AND LEGISLATION**

### **6.3.1 The Federal Level**

Since batteries often contain hazardous or potentially hazardous materials, the regulatory framework is critical to any take-back program. This determines how the materials must be handled and has major impact on the cost of the program.

Hazardous wastes are regulated by the federal government under the Resource Conservation and Recovery Act of 1976 (RCRA): the regulations are codified in Title 40 of the Code of Federal Regulations (40 CFR). RCRA provides an exemption for residential waste. This means that products such as Ni-Cd batteries that are classified as hazardous under federal criteria are exempted if the waste is generated by the residential sector. If a household discards a Ni-Cd battery, it is not subject to hazardous waste regulations. The same battery, if discarded by a business or institution such as a hospital may be subject to these regulations (depending upon the amount of hazardous waste the entity generates). Since consumer batteries are discarded by households, businesses and institutions, different regulations apply to identical batteries, depending on who generates the waste. Costly hazardous waste regulations have presented a major barrier to the take-back of batteries.

In May 1995 the EPA promulgated the Universal Waste Rule (40 CFR Part 273) intended to encourage reclamation and recycling of certain hazardous wastes by removing some of the regulatory barriers. This rule applies to batteries, thermostats, and pesticides. Under the Universal Waste Rule, batteries recovered and properly managed, regardless of who generates the waste, are exempt from some of the stringent provisions of the hazardous waste regulations. This change has helped facilitate the industry take-back system for Ni-Cd batteries but an obstacle remained. In order for the Universal Waste Rule to take effect in a state, the state had to have incorporated it into its own regulations or policy. Thirty-two states had done so as of May 1996.<sup>18</sup>

For five years, the battery industry sought federal legislation to remove regulatory barriers to the collection and recycling of batteries. Such legislation was finally passed by Congress in April 1996 and signed into law by President Clinton on May 13, 1996. *The Mercury Containing and Rechargeable Battery Management Act* (P.L. 104-142) makes the provisions of the Universal Waste Rule applicable nationwide thereby obviating the need for adoption by each state. It eliminates barriers to the take-back system caused by hazardous waste laws. It establishes national uniform labelling requirements for rechargeable batteries. Ni-Cd batteries or products containing them will have to be labelled “Ni-Cd” — “BATTERY MUST BE RECYCLED OR DISPOSED OF PROPERLY.” In addition, the law mandates that rechargeables be easily removable from consumer products and restricts the sale of mercury-containing batteries. The labelling and removeability requirements apply to rechargeable batteries deemed toxic such as Ni-Cds and sealed lead-acid batteries. They do not apply to alkaline rechargeables which are not toxic and can be disposed of with regular trash.

Earlier versions of the federal battery legislation mandated that industry take back batteries. The legislation, as finally passed, does not mandate take-back, but rather eliminates barriers to encourage a voluntary system.

The cost implications of the Universal Waste Rule and the subsequent federal battery law are significant as they provide relief from cumbersome RCRA transportation, storage, and paperwork requirements. According to Jeff Bagby of the Rechargeable Battery Recycling Corporation (RBRC), the cost of shipping batteries from Iowa to Pennsylvania, the site of the RBRC recycling facility, was \$1 per pound when complying with hazardous waste regulations. Under the new rule, the cost is 17 cents per pound, and it is no longer necessary to fill out hazardous waste manifests and to use hazardous waste transporters.<sup>19</sup> The provisions for standardized national labelling and removeability regulations also have cost savings implications for industry which formerly had to deal with a patchwork of inconsistent legislation in different states.

### **6.3.2 The State Level**

Starting in 1989 when Connecticut passed its battery law, states have taken the lead on dry cell battery legislation: 13 states have passed legislation regulating battery labelling and removeability,<sup>20</sup> and 8 states (CT, FL, IA, ME, MD, MN, NJ, VT) have take-back requirements that apply to Ni-Cds.<sup>21</sup> While many states have mandated separate collection to keep batteries out of MSW facilities, they often do not specify what should be done with the batteries after they are collected. Exceptions to this are Minnesota and New Jersey where the nation’s most far-reaching battery legislation has been passed.

#### ***Legislation in Minnesota and New Jersey***

Stringent provisions on rechargeable batteries became law in Minnesota in 1990 and in New Jersey in 1992. Both states require that rechargeable batteries be easily removable from products, be labelled as to content and proper disposal, and be banned from the municipal wastestream. In addition, they require manufacturers to take rechargeable batteries back at their own expense for recycling or proper disposal.

Legislation in these states distinguishes between batteries that are recyclable, such as Ni-Cds and those that are not, such as alkaline batteries containing mercury. For recyclable batteries, industry takeback is mandated. For the others, content standards are established to reduce the amount of heavy metals.

While the technology was available in the U.S. to recycle Ni-Cds prior to passage of the Minnesota and New Jersey laws, very few were actually recycled. State legislation spurred the development of a recycling infrastructure. The legislation requiring removeability is important since Ni-Cds must be removed from products in order to separate them for recycling. Eighty percent of Ni-Cds are enclosed in cordless tools and appliances, and most were not accessible before the mandate for removeability was implemented.

### **6.3.3 International**

Given the increasingly international complexion of markets and global design of many products, concern in Europe about Ni-Cds and the threat of a ban provided additional incentives to industry to develop a system to recover and recycle Ni-Cds.

Since publication of a report, *Recharging without Cadmium* in 1993, Sweden has pushed for substitution for and even a ban on Ni-Cds. A proposal by the Swedish Ministry for the Environment for a ban on Ni-Cds in all European Union countries is under consideration by the European Union. Sweden also proposed to the Organization for Economic Cooperation and Development (OECD) that Ni-Cds be replaced with nickel-metal hydride batteries — this was voted down. As an alternative, the OECD agreed that industry should work with governments to facilitate Ni-Cd battery collection. This view was included in a formal recommendation to OECD nations.<sup>22</sup> Belgium is targeting batteries with its tax policies: an eco-tax is threatened of 33 cents per battery on types that are not recycled at a rate of 75 percent by 2000.

## **6.4 THE RECHARGEABLE BATTERY INDUSTRY ORGANIZES FOR TAKE-BACK**

### **6.4.1 The Portable Rechargeable Battery Association (PRBA)**

As battery legislation was introduced in states across the nation, the producers of rechargeable batteries broke from the trade associations that had traditionally represented the battery industry — the National Electrical Manufacturers Association (NEMA) and the Battery Products Alliance (BPA). In June 1991, a new trade association — the PRBA was formed by the five largest makers of rechargeable batteries worldwide — Sanyo, Panasonic, Gates Energy Products (now Energizer division of Eveready), Saft, and Varta. While four of these are foreign companies, they all have U.S. operating divisions. PRBA members now include over 100 companies involved in the manufacture, assembly, distribution, use, and sale of rechargeable batteries and products powered by rechargeables.



PRBA has addressed issues of government relations, lobbied at the state and federal levels, and worked to develop a take-back system for rechargeable batteries. PRBA originally proposed, and endorsed throughout, the federal battery legislation adopted in May 1996. This legislation reduces barriers to the battery collection and recycling system and avoids the need to deal with inconsistent legislation in different states.

#### **6.4.2 The Rechargeable Battery Recycling Corporation (RBRC)**

In 1995, battery manufacturer members of PRBA set up the RBRC to physically administer the collection and recycling of rechargeable batteries and to license its seal to fund the system. The mission of this non-profit organization is “to perform a public service through the management, collection and recycling of used nickel-cadmium (Ni-Cd) batteries throughout the United States.”<sup>23</sup> This includes educating the public on battery recycling, and collecting and recycling batteries for the companies that fund these operations — its licensees.

RBRC has two divisions: 1) the Recycling Division that administers the public education, collection, and recycling programs; and 2) the Finance and Seal Administration Division that licenses and administers the RBRC Seal to raise the funds to finance the system.

##### ***Recycling Division***

This division works through independent contractors. It provides funding to the PRBA to run its education programs. It also negotiates contracts for the collection, storage, transportation, and recycling of Ni-Cds. The responsibilities of the Recycling Division include assuring compliance with federal and state regulations, collecting and maintaining records that track the batteries, obtaining necessary licenses and permits, obtaining certificates of recycling, and selection and purchase of collection containers.

##### ***Finance and Seal Administration Division***

This division collects the license fees, monitors compliance with the license agreements, and processes refunds. It administers the Seal and will direct audits by a national accounting firm, as needed.

##### ***Insurance***

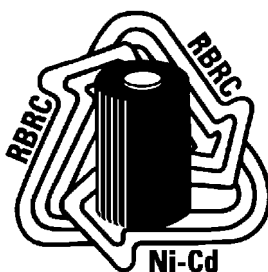
RBRC is providing insurance coverage for its take-back program, which includes coverage for the licensees. The costs of the insurance are built into the fee schedule. Insurance will cover the entire system from collection, through storage, transportation and recycling. Given the potential dangers of handling batteries, such coverage is critical. RBRC is providing \$5 million of coverage for storage and recycling facilities and \$2 million for transporters. The coverage includes both general liability and contingent pollution liability.<sup>24</sup>

## **6.5 THE SYSTEM TO TAKE-BACK AND RECYCLE Ni-Cd BATTERIES**

RBRC runs the system to collect and recycle Ni-Cds and works with PRBA on the public education campaigns. Unless otherwise noted, all information in this section on the take-back system is from RBRC publications assembled in the document, *Recycling America's Rechargeable Batteries: the Program*.

### **6.5.1 Funding the Program: Fees and Rebates**

The collection and recycling system is funded by license fees paid by rechargeable battery and product manufacturers, which allows them to place the RBRC Seal on their products and packaging. A license fee is paid for each cell within a battery or battery pack that displays the RBRC Seal. Fees are paid by companies based on the weight of batteries put on the market during the previous calendar quarter. The fees are set by RBRC.<sup>25</sup> Typical RBRC fees on Ni-Cd batteries are about 10 cents in a portable computer, 4 to 12 cents in a power tool and 5 cents in a cellular phone.<sup>26</sup> Since this is a voluntary program, companies are free to decide whether to join the program and become licensees.



**RBRC Seal**

The RBRC budget is negotiated with the largest licensees. Once funds are allocated for the different budget items such as education, collection and recycling and the total is determined, the revenues needed are divided by the amount of batteries placed on the market, to calculate the fees. RBRC is a non-profit corporation, so the fees generated are solely to run the system.

Licensees can apply for rebates on cells not sold in the U.S. market or those exported before final retail sale. They can also apply for partial rebates if they set up their own collection system and ship the batteries directly to an RBRC recycling facility so that double payment is avoided. Appendix A shows the Ni-Cd fee schedule in effect as of July 1996. Appendix B shows the companies that signed license agreements as of July 24, 1996.

### **6.5.2 Who Is Responsible?**

Determining who is responsible for paying the license fees is complicated. Is it the company that manufactured the battery? The company that assembled the battery pack? Or, the company that inserted the battery or battery pack in its product? These functions may be performed by one company or a number of different companies.

Generally, the owner of the brand name on the battery or battery pack is the licensee and the owner of the brand name on the consumer product is a sub-licensee. The situation is simplest when the same brand name appears on both. The licensee pays the fee to RBRC at the end of the calendar quarter in which the batteries are sold into the U.S. market and places the RBRC seal on the battery or battery pack.

RBRC encourages exhibiting the Seal on packaging and mandates that the Seal be on the package if the brand name on the battery pack is the same as the brand name on the consumer product. Use of the Seal in promotional materials by licensees is also encouraged. Success of the RBRC system is dependent upon getting a sufficient number of companies to sign on to the take-back program. Display and promotion of the Seal is encouraged as a way of inducing companies to join the system. The idea is that battery consumers, be they manufacturers of consumer products, individuals or government procurement officers, will prefer products with the Seal, which indicates collection and recycling has been arranged and paid for.

### **6.5.3 The Collection Systems**

To deal with batteries generated by many different sources, RBRC has set up four separate collection systems from: 1) retailers; 2) communities; 3) business and public agencies; and 4) licensees.<sup>27</sup> Batteries from the collection systems are transported to three consolidation points across the U.S.: 1) Wade Environmental Industries, Battery Division, Atco, New Jersey; 2) U.S. Filter Recovery Services, Inc., Roseville, Minnesota; and 3) Kinsbursky Brothers Supply, Inc., Anaheim, California. From these consolidation points the batteries are shipped to the International Metals Reclamation Company (INMETCO) in Ellwood City, Pennsylvania, where they are recycled. Small shipments of batteries (under 150 pounds) are transported by the United Parcel Service (UPS), larger ones by national common carriers.

#### ***The Retail Collection System***

RBRC and PRBA contact retailers who sell rechargeable batteries and products that contain these batteries to enlist their participation in the program. Brochures and videotapes are used to encourage retailer participation.

Retailers agreeing to participate get Battery Recycling Kits from RBRC free of charge. These kits contain collection containers, a plastic zip-loc bag for each used battery, safety instructions, and signs to place in the store. They also contain a Recycling Manual with details on which batteries are eligible for the program and instructions on the role of the retailers. The retail program was operative in 16 states prior to adoption of the federal battery legislation (in May 1996) and expanded to 35 states within two weeks of adoption.<sup>28</sup>

RBRC is distributing containers with a capacity of about 18 pounds that have passed its safety tests. Larger containers are currently under development. The containers are picked up from the retailers by UPS, and they come with pre-addressed, prepaid shipping labels so that retailers incur no shipping costs. UPS picks up the filled containers and delivers them to the designated consolidation point. At the consolidation points, the batteries are bulked into shipments of 10,000 to 40,000 pounds and sent to INMETCO for recycling by a

pyrometallurgical process described later. Records are kept by the consolidation points on the weight of the batteries received and by INMETCO on the amounts received and recycled.

Participating in a battery management program is a new endeavor for retailers. RBRC has made an effort to minimize inconvenience and to avoid any out-of-pocket costs to gain retailer cooperation. All transportation, handling, and recycling charges are paid by RBRC and funded through the Seal fees. The responsibility of retailers is putting the containers in place and mailing them to the consolidation points without charge. Insurance coverage is provided by RBRC. Retail collection initially was only taking place in states that adopted the Universal Waste Rule or made other provisions so that retailers would not be classified as hazardous waste handlers. Following the passage of the federal battery law in May 1996, nationwide implementation of the retail collection system began.

An incentive for retailers to cooperate with the program is the service provided by the toll-free telephone number 1 800-8-BATTERY, operated by RBRC. Consumers can call this number to find out what to do with their used batteries. They are given the name of the nearest retailer who will take back Ni-Cds for recycling, which can lead to increased sales for that retailer. Counties and municipalities also publish the names of the retailers participating in the program — another marketing advantage for the retailers.

### ***The Community Collection System***

The goals of the collection system are two-fold. The first goal is to get Ni-Cds out of the municipal solid wastestream and send them to recyclers rather than municipal incinerators or landfills; the second goal is to utilize the solid waste collection infrastructure already in place in counties and municipalities to do this. This infrastructure may include curbside collection programs, household hazardous waste collection sites and events, or recycling centers.

Under the RBRC program, the community can use its existing collection system. It then brings the Ni-Cd batteries to one central location where they are consolidated and shipped to one of RBRC's three consolidation points and then on to the recycler. The community must transport the batteries to the central location in the county but RBRC pays all the subsequent shipping costs. The community registers with one of RBRC's consolidation points and calls when a pick-up is needed. Pick-ups will not be more frequent than once per month and are supposed to weigh at least 1,000 pounds.

This collection system requires very large containers. Most communities currently use 55-gallon steel drums. The RBRC program will continue to use these drums and RBRC will pay the drum disposal fees.

Like the system for retailers, RBRC will provide materials to encourage participation as well as a Recycling Manual. Records will be kept of the weight of batteries shipped and recycled.

The RBRC program may impose additional costs on communities, even if they currently have separate battery collection programs, but it also provides benefits. The added costs are due to the need to separate Ni-Cd batteries from the other consumer batteries collected, since RBRC

only takes back Ni-Cds. The benefits derive from reduced shipping, recycling and/or disposal costs for used batteries. Such fees can be high.

For example, Putnam County in New York State pays about \$10,000 to a contractor to take all the materials (including batteries) that it collects on its annual household hazardous waste collection day. About five tons are collected, so managing this waste costs about \$2,000 per ton. The county could send Ni-Cds directly to a battery recycler, but it would have to pay the recycler \$1,600 per ton to take the Ni-Cds, and in addition, would have to pay for sorting and transportation.<sup>29</sup> Under the RBRC program, private industry pays the shipping and recycling costs for Ni-Cds, thereby reducing the financial burdens on the counties and municipalities.

For communities that do not currently have separate consumer battery collection, the costs of the RBRC program are greater as they must set up a separate battery collection system and consolidate the batteries at one point. The benefits of doing this would be reduced pollution from incinerators and landfills. A less toxic municipal wastestream should lead to reduced disposal costs as well as improved public health.

### ***The Business and Public Agency Collection System***

The business and public agency collection system is aimed at businesses, government agencies and institutions, ranging from auto factories to hospitals and police departments. Most of these generators are currently prohibited from disposing of Ni-Cds in MSW so they generally have programs to send the batteries to recycling or proper disposal facilities. The goal of RBRC's program is to get more of the batteries diverted to recycling rather than disposal, to reduce the incentives for illegal disposal, and to encourage those without a battery management program to become part of one.

Under this program, the entity collects its own Ni-Cds in its own containers and pays to ship them to one of the three RBRC consolidation points. RBRC pays all additional costs of the system, including the container disposal fees. The containers used must meet RBRC specifications. The generator can arrange the shipping or request the consolidation point to arrange it, but in either case the generator pays the shipping costs. UPS handles the shipments under 150 pounds. Common carriers handle the larger shipments that are arranged by the consolidation points.

The rest of the program is the same as the systems for retailers and communities. RBRC provides educational materials, a Recycling Manual, and documents the amount of batteries shipped and recycled.

Many business and public generators already have battery management programs. If they separately collect Ni-Cds, the RBRC program should not impose additional costs. If they do not, they will incur the costs of separating Ni-Cds. Without the RBRC program, these generators must pay the full costs of collection, transportation, and recycling or disposal. Under the RBRC program, they only pay for getting the batteries to the consolidation points. Again there is a shift in responsibility — under the RBRC program, much of the cost of battery management is shifted

from the generators of the waste to the manufacturers of the batteries or battery-containing products.

### ***The Licensee Collection System***

The goal of the licensee collection system is to encourage companies that are RBRC licensees to develop their own collection system. They are uniquely able to collect batteries from their customers through reverse distribution programs and also from their own service centers or retail outlets. All of this is optional, however: they can be licensees and choose to have their batteries collected under the other three collection systems.

Under the RBRC licensee collection system, the manufacturer collects its own batteries. It pays to ship them in its own containers directly to the recycler. RBRC pays the recycling charges and drum disposal fees. The manufacturer is eligible for a rebate of about 75 percent of the Seal license fees it has already paid. The rebate is currently \$0.1746 per pound.<sup>30</sup> In other words, the manufacturer pays the Seal fees when it puts the batteries on the market. If it takes back its own batteries and sends them to the recycler, it gets a rebate on the fees already paid. This is to avoid paying twice.

There are two separate issues for a manufacturer of Ni-Cds or products containing Ni-Cds: 1) whether to become an RBRC licensee; and 2) whether to establish its own take-back system for its Ni-Cds. There can be distinct marketing advantages in being a licensee — a product with hazardous materials that might be outlawed has its collection and recycling arranged and paid for. With respect to take-back, the rebate system enables manufacturers to develop their own Ni-Cd collection systems that they can fund with the rebates received. A company can be a licensee and not have its own take-back program. In that case, the licensee is paying to have the batteries collected from retailers, communities, businesses, and public agencies.

Companies that are not RBRC licensees, such as some computer manufacturers (discussed in section 6.6.3), do not pay the RBRC fees initially and therefore do not get rebates. Their take-back systems are totally apart from the system run by RBRC. They create such systems because their Ni-Cds cannot be sold in some states, such as New Jersey and Minnesota unless the manufacturers take them back for recycling or proper disposal.

### **6.5.4 The Recycling System**

RBRC has chosen to recycle all of the Ni-Cds it collects. This is not mandated by any state or by the federal government — proper disposal of the batteries as a hazardous waste is permitted. RBRC sends all of the Ni-Cds it collects to International Metals Reclamation Company (INMETCO), a recycler in Pennsylvania, under a five year contract effective January 1, 1995. INMETCO is a subsidiary of The International Nickel Company (INCO) of Toronto. INMETCO was established in 1978 to recycle wastes from stainless steel manufacturing and is located near many of the specialty steel mills in the U.S. It is the only recycler in North America with the high-temperature process necessary to reclaim all raw materials from Ni-Cds — the technology that the EPA has determined to be BDAT (best demonstrated available technology).<sup>31</sup>

INMETCO's process involves draining the batteries, shredding them, and feeding them into a 2300 degree (F) furnace. In the past, nickel, and iron were recovered and used in stainless steel production for products such as sinks, but the cadmium was sent elsewhere for recycling or proper disposal.

Under the RBRC contract, INMETCO had to expand to provide adequate cadmium smelting capacity by the end of 1995. In December 1995, INMETCO announced the installation of its new \$5 million cadmium recovery plant. The cadmium, 99.95 percent pure after recovery, will be used in the manufacture of new Ni-Cd batteries.<sup>32</sup> The cost of the cadmium recycling is already built into the RBRC fee schedule. Under this system, RBRC can legitimately claim it has arranged for the collection and recycling of Ni-Cd batteries as only process waste will go to disposal.

## **6.6 STATUS OF THE RBRC PROGRAM TO RECOVER Ni-Cd BATTERIES**

### **6.6.1 The RBRC Program Goes Nationwide**

The federal battery legislation signed into law on May 13, 1996 had immediate impact on RBRC's program to collect and recycle Ni-Cd batteries. Previously, the program had been launched on a state-by-state basis contingent on state adoption of the Universal Waste Rule. After passage of the federal legislation, the strategy was changed to a focus on sectors nationwide.

In June 1996, major retailers across the country were targeted to join the program. According to RBRC, retailers began asking for collection bins following passage of the federal battery law. For example, Radio Shack, which had been participating in the state programs, requested bins for its 6,800 stores nationwide.<sup>33</sup> Major retailers such as Sears, Walmart and Best Buy and telephone retailers like Cellular One, Bell Atlantic, Pacific Bell, Bell South, and Ameritech were asked to participate in the retail collection system. Prior to passage of the federal legislation, there were retail bins in 16 states. In the two weeks following passage, this was extended to 35 states. RBRC reports retailers want to be pro-active on the environment and are enthusiastic about joining the system.<sup>34</sup>

The second group targeted, in July 1996, consists of public agencies (police, fire, schools and hospitals) that can participate in the business and public agency collection program. Targeted third, in August 1996, were recycling coordinators across the country who could launch the community collection system.<sup>35</sup>

On May 21, 1996, shortly after President Clinton signed the federal battery legislation into law, RBRC held a press conference to launch its multi-million dollar nationwide battery recycling campaign called "Charge Up to Recycle!", aimed at the general public. Richard Karn, star of the T.V. show "Home Improvement," is RBRC's celebrity spokesperson for the program. He will make personal appearances across the country as well as appear in RBRC public service announcements for TV, radio, and the print media.<sup>36</sup>

### **6.6.2 Earlier Education/Outreach Campaigns**

In 1994 RBRC launched its education program and began recruiting licensees. The effective date for the License Agreement, use of the Seal, and the contract with INMETCO was January 1, 1995.

The telephone number 1-800-8-BATTERY was established in March 1995 to enable consumers to call and get information on where and how to recycle Ni-Cds. At the end of 1995, approximately 4,500 retailers and 300 county/municipal recycling locations were on the system.<sup>37</sup>

Later in 1995, a fax-back system was launched. The purpose was to make available current information on state battery legislation and regulations, and also specifics of the logistics of the RBRC system. Following adoption of federal legislation, the fax-back system was revised to focus on the four collection systems nationwide. There is a unique fax-back phone number for each of the collection systems. The information is tailored to the type of collection program served. For example, businesses and public agencies or communities can use this system to obtain information on collection locations, regulations/legislation, specifics on how to collect, store and ship Ni-Cds, employee training, and current licensees. Fax-back can also be used by retailers to order replacement collection supplies.

### **6.6.3 Signing Up Licensees**

A critical hurdle in establishing the take-back system for Ni-Cd batteries was getting a substantial number of companies to agree to be licensees. Without this, the voluntary system could not work. This hurdle has been cleared: according to RBRC “by the end of 1995, over 170 companies representing over 75 percent of the Ni-Cd batteries sold into the U.S. market had signed as RBRC Seal Licensees.”<sup>38</sup> All of the major Ni-Cd producers have joined the program. Some cellular telephone manufacturers had not become licensees as of May 1996 but are expected to join the system in the future.<sup>39</sup>

A number of computer manufacturers such as such as Compaq, Digital Equipment, and IBM have not become licensees. As noted earlier, some computer companies are phasing out the use of Ni-Cd batteries in their products and replacing them with nickel-metal hydride or lithium ion batteries; some have their own battery take-back programs. Other computer manufacturers such as Tandy, NEC, and Toshiba are RBRC licensees.

Compaq, for example, has chosen to operate its own battery take-back program rather than join the one run by RBRC. Compaq believes all rechargeable batteries should be collected and recycled and objects to RBRC taking back Ni-Cds only. Compaq believes its program is “more user friendly” than RBRC’s and does not anticipate significant numbers of Compaq batteries entering the RBRC program. Compaq says that, on occasion, RBRC batteries enter its recycling program, and that it has recycled these batteries without charge to RBRC.<sup>40</sup>



#### 6.6.4 Battery Recovery and Expansion Plans

RBRC says it recovered 15 percent of discarded Ni-Cd batteries nationwide in 1995. These primarily came from the commercial sector, with less than 25 percent from households. RBRC's goal is to collect 70 percent by 2001.<sup>41</sup>

Table 6-3 shows the RBRC estimates of the amounts of Ni-Cds sold, discarded, and recycled. These data are for batteries processed through the RBRC program and do not include batteries shipped overseas for recycling or those disposed of in hazardous waste landfills.<sup>42</sup>

**Table 6-3: Ni-Cd Recycling Rates in the U.S.**  
(thousands of pounds of batteries)

Year	Sales	Discards	Recycled	Rate
1993	30,027	14,221	284	2%
1994	31,865	15,760	630	4%
1995	33,757	17,921	2,703	15%
1996	35,710	20,523	5,131	25%
2001	46,540	37,522	26,265	70%

Source: RBRC.

RBRC expanded its program into Canada as of January 1997. Expansion into other countries is under consideration, with Australia and Mexico heading the list. RBRC also is considering expanding its program to collect other battery types, beginning with pilots to collect nickel-metal hydride batteries in the U.S.<sup>43</sup>

#### 6.6.5 Battery Recycling

INMETCO can recycle 3,000 tons of spent batteries per year. Its facility is designed to expand to 10,000 tons once national battery collection programs are fully operative. Ni-Cd recycling at INMETCO increased from 50 tons per year in 1989 to 1,200 tons in 1992. INMETCO estimates it recycled 2,500 tons of Ni-Cds in 1995 from RBRC and other sources.<sup>44</sup>

In addition to Ni-Cds, INMETCO recycles other battery types such as nickel-iron, nickel-metal hydride, and zinc carbon. It has considered licensing its technology abroad. In 1996, INMETCO was the only recycler of Ni-Cds in the U.S. — other facilities are located in France and Sweden.

#### 6.6.6 Costs of the RBRC Program

Questions often raised about take-back programs are: what is the cost? and will this increase the price of the product? RBRC estimates that its costs of \$5.5 million are one percent of Ni-Cd sales prices. (Table 6-4 shows the breakdown of RBRC's estimated 1996 costs.) The percentage is an average and can vary with Ni-Cd size and configuration.<sup>45</sup> In fact, RBRC expects to recycle 5,131,000 pounds of batteries in 1996, or about 2,500 tons. At a total cost of

\$5.5 million, this is about \$2,000 per ton — very similar to the current costs to communities of disposing of hazardous waste, as described in section 6.5.3.

**Table 6-4: Estimated RBRC Costs for 1996**

	\$ (millions)	%
Administrative	.8	15
Public Education, Collection, and Recycling	4.7	85
Total	5.5	100

Source: RBRC, fax, June 13, 1996.

The RBRC costs are paid by manufacturers of Ni-Cds and products that contain Ni-Cds. If the increase is passed on to consumers, it could amount to a one percent price increase for the battery. Since an overwhelming proportion of Ni-Cds are contained within products, the price increase would be far smaller than one percent for the product. This is not necessarily a net increase in costs to society but rather a shift in costs. Shifting the costs of collection and recycling to manufacturers may decrease the costs local government must pay to manage batteries disposed of by households. This includes the direct costs of collecting, recycling and disposing as well as costs of pollution prevention equipment at disposal facilities. So internalizing the costs into battery prices means that consumers may pay higher prices for batteries but lower municipal taxes.

There is a different scenario for the batteries RBRC collects from the commercial sector. Commercial users typically pay to manage their battery waste. The RBRC program reduces the costs these companies would pay at the end of battery life and shifts them to manufacturers who may internalize the costs into the price of the batteries. Commercial users still pay but in a different way — they are likely to pay the collection and recycling costs for Ni-Cds when they purchase the batteries, not when they dispose of them.

### **6.6.7 State Pilot Programs**

Prior to adoption of federal battery legislation in May 1996, RBRC was introducing its program on a state-by-state basis. In 1995, RBRC took over existing Ni-Cd recycling programs from PRBA in Minnesota and New Jersey.

#### ***Minnesota Program***

Minnesota legislation requires that manufacturers establish a program to recover 90 percent of Ni-Cd and small sealed lead-acid (SSLA) rechargeable batteries, statewide, beginning September 20, 1995. Prior to that date only pilot projects were required. PRBA began a pilot program to take back rechargeable batteries in Minnesota at the end of 1992. Responsibility for the take-back of Ni-Cds was transferred to RBRC in 1995, with PRBA still responsible for the SSLAs.

Data on battery collection is fragmentary at this time, due in part to the transfer of responsibility from PRBA to RBRC and also to the fact that the program is relatively new. According to a report of October 1, 1995, submitted by PRBA in conjunction with RBRC (PRBA/RBRC report), these two organizations collected approximately 91,793 pounds of used

Ni-Cds and SSLAs in Minnesota from October 1, 1994 through September 20, 1995.<sup>46</sup> The report does not provide separate data for each battery type, leading Minnesota officials to question whether most of these are Ni-Cds.<sup>47</sup> Inclusion of batteries collected by PRBA prior to October 1, 1994, brings the total collected in Minnesota to 232,190 pounds since the program's inception in 1992.<sup>48</sup>

U.S. Filter Recovery Services, Inc., the consolidation point in Minnesota, has a contract with RBRC to sort batteries by chemistry and ship them to appropriate recyclers. U.S. Filter reports receiving 80,984 pounds of Ni-Cds between October 1994 and September 1995. Retail stores sent 3,040 pounds; 15,277 pounds came from counties; and the remaining 62,667 pounds came from businesses and public agencies. U.S. Filter reports contamination has not been a major problem: if some other battery types are found in the Ni-Cd bins, U.S. Filter sorts them out and sends them to appropriate recyclers or back to the generators.<sup>49</sup>

Retail collection of Ni-Cds in Minnesota was based on the system described in section 6.5.3 — with free battery collection boxes and shipping by UPS funded by RBRC. In 1995, about 300 retailers were participating in the Minnesota program — mostly Radio Shack and hardware stores.

According to the Minnesota Pollution Control Agency (MPCA), retail collection of used batteries is more promising than community collections. Retailers are more accessible to consumers than county drop-off points or household hazardous waste collection sites. The program will eventually include the large retailers like Target, Walmart, and Kmart. Minnesota county officials are telling people to bring batteries back to the retailers. So far, contamination has not been a big problem in the retail program — people have understood the difference between Ni-Cds and other batteries and are depositing them correctly.<sup>50</sup>

It is too early to judge the effectiveness of the battery take-back program in Minnesota but, according to PRBA, removeability has been accomplished — “Most PRBA member companies have redesigned their rechargeable products so that the batteries can be easily removed, and substantially all covered products now meet this requirement.”<sup>51</sup>

Since the mandate (as of September 20, 1995) is for 90 percent recovery, the MPCA is developing a measurement methodology to estimate battery recovery rates so it can determine progress toward meeting the goal. This will put far more pressure on PRBA and RBRC which up to now just had to demonstrate they had some operative pilot projects. The MPCA says the Ni-Cd program is impressive and aggressive but the SSLA program is disappointing.<sup>52</sup>

### ***The New Jersey Program***

Like Minnesota, New Jersey also has legislation (adopted in 1992) that requires manufacturers to take responsibility for used rechargeable batteries and either recycle or dispose of them in an environmentally sound manner. In New Jersey, where Ni-Cd collection started in May 1993, the Department of Environmental Protection (DEP) estimates a recovery rate of about 10 to 12 percent.<sup>53</sup>

New Jersey law requires that battery recovery rates be reported to the New Jersey DEP every six months. PRBA and RBRC filed a joint report on results of the rechargeable battery program in New Jersey for the first six months of 1995. RBRC filed the report alone for the second half of 1995, because it had assumed full responsibility for the program. Table 6-5 is based on data from these reports unless otherwise noted.<sup>54</sup>

**Table 6-5: Collection (in pounds) of Ni-Cd Batteries in New Jersey, 1995**

Collection System	1st Half	2nd Half	Total 1995
Retail	1,858	1,598	3,456
Business & Public Agency (including licensees)	16,166	26,592	42,758
Community	NA	436	436
Total	18,024	28,626	46,650

Source: PRBA/RBRC and RBRC reports to New Jersey DEP.<sup>55</sup>

As shown in Table 6-5, the collection of Ni-Cds in New Jersey during the second half of 1995 represented an increase of over 60 percent from the first half of 1995. This was all accounted for by the commercial sector. Separate community collection data were not available for the first half of 1995.<sup>56</sup> The New Jersey DEP notes that despite initial enthusiasm for the program, retailers tend to drop out unless the education program is sustained.<sup>57</sup> The national publicity campaign, noted in section 6.6.1, was designed to focus attention on retailers.

New Jersey depends heavily on incineration (for 30 percent of its waste) and is focussed on getting heavy metals out of its wastestream for both economic and environmental reasons. The New Jersey DEP estimates that it costs \$17 million a year to control cadmium, lead, and mercury (from discarded products) in municipal incinerators.<sup>58</sup> In addition, the costs of landfilling incinerator ash are about \$30 to \$45 million per year because of heavy metal concentrations. The New Jersey DEP concludes that counties with municipal waste incinerators could save \$40 to \$60 per household per year with programs focussed on getting products with heavy metals out of the municipal wastestream.<sup>59</sup>

### **6.6.8 Experience with Retailers**

Radio Shack says the RBRC program for Ni-Cd batteries has been well received in both Minnesota and New Jersey. Radio Shack reports having bins in its stores (as of January 1996) in those states and also in Connecticut, Florida, Iowa, Massachusetts, Michigan, North Dakota, New Hampshire, New York, South Dakota, and Vermont. According to Radio Shack, all of its stores do not have bins in all of these states and “the amounts collected are not known.” Radio Shack plans to adopt the Ni-Cd collection program nationwide.<sup>60</sup>

Radio Shack notes that participating retailers have the benefit of RBRC promotion including their business being identified when customers in their area call the toll free RBRC number for recycling information. Company officials confirm RBRC’s assertion that there is no cost of participation for retailers and no need to generate shipping documents or maintain elaborate records. Contamination (consumers putting other battery types in the Ni-Cd bins) has not been a problem.<sup>61</sup>

## **6.7 LESSONS FROM THE RBRC EXPERIENCE**

### **6.7.1 Collection/Recycling Results**

The RBRC system is very new, and it is not yet known whether it will recover a substantial portion of discarded Ni-Cd batteries. While no national target has been legislated, RBRC's goal of recovering 70 percent by 2001 is an ambitious one and, if met, will be a significant achievement. The reported increase in recycling of Ni-Cds from 2 percent in 1993 to 15 percent in 1995 is impressive. A thorough and complex system is being put in place, but an outstanding question is to what extent will battery users cooperate?

Industry cooperation is already evident since RBRC claims 75 percent of Ni-Cds now being sold are under license and bear the RBRC Seal. An exception are certain computer manufacturers who either have or expect to phase out the use of Ni-Cds in their products.

A major education campaign will be required to get consumer cooperation in placing Ni-Cds in the proper bins at retailers or community collection sites. Many consumers may not understand the importance of separating Ni-Cd batteries even though the federal battery law requires a clear label stating the batteries must be recycled or disposed of properly. As of 1995 or even earlier, most Ni-Cds carried an identifying label in accordance with state laws, so consumers should be able to distinguish them from other battery types even before the federal law takes effect.<sup>62</sup>

It will still remain easy for consumers to throw their Ni-Cds in their regular garbage pails and there is no financial incentive for them to do otherwise. Even if Ni-Cds are banned from the wastestream by states or localities, how will this be enforced? Success of the program will depend on extensive consumer education and commitment of individuals to manage waste batteries properly as well as easily accessible and identifiable drop-off locations. If this voluntary approach does not work, deposits could be mandated for Ni-Cds by some states to provide consumers with an incentive to bring them back. RBRC is counting on consumer support for recycling and says that consumers have separated items such as newspapers and bottles and will be willing to do the same for batteries.<sup>63</sup>

Sweden's experience with Ni-Cds gives cause for concern. To avoid take-back legislation, the battery industry in 1993 concluded a voluntary agreement with the Swedish government to collect 90 percent of Ni-Cds by the summer of 1995. Industry only achieved a collection rate of 35 percent. The Swedish environment ministry is now seeking a ban on Ni-Cds.<sup>64</sup>

Recycling developments in the U.S. have been positive so far. The amount of Ni-Cds recycled has been steadily increasing. The RBRC program led INMETCO to invest in a new cadmium recycling facility. The cadmium recycling is "closed-loop" — the type of system long advocated by environmentalists — with the cadmium recovered being used to make new Ni-Cd batteries. INMETCO's new cadmium facility demonstrates that manufacturers taking responsibility for their products after they become waste can stimulate the development of new recycling capacity.

### **6.7.2 Measuring Results**

The data on Ni-Cd collection and recycling are limited at this time. This is understandable since the program is new and responsibility for it has recently been transferred to RBRC.

There will be no way to evaluate the program in the future unless more complete data are available. The consolidators and the recycler are required to keep track of the batteries they handle. The program is dealing with a homogeneous wastestream and four collection systems. In the future, it should not be difficult to document the amount of batteries collected and recycled, by collection system. Hopefully this can be done on a state and a national basis. Such information can be very helpful in identifying the parts of the program that are working well and those that need improvement.

### **6.7.3 Federal Regulatory/Legislative Support**

Some interesting lessons have already been learned from the RBRC experience. One relates to impediments to such a system. Implementation of the RBRC program was contingent on adoption of the Universal Waste Rule which relieved participants in the system of the burdens and costs of complying with hazardous waste regulations. This took five years and delayed implementation of the system. Failure to pass this rule could have permanently doomed the RBRC system. Even after adoption of the Universal Waste Rule, the program was hampered by the need to get adoption by each state — a slow and cumbersome process. Passage of the federal battery law is a major step forward in encouraging industry to extend responsibility for its products. Similar legislation may be needed in order for take-back systems to be implemented for other products potentially subject to hazardous waste regulations since the federal battery law applies solely to batteries.

Shifting responsibility for products at the end of their life to private industry involves issues of liability and compliance. There are also possible anti-trust concerns with respect to take-back systems dependent on competing companies working together to set fees. Government can encourage industry to voluntarily take more responsibility for its products by enacting regulations that are necessary to facilitate such programs or by removing regulatory barriers as it did in the Universal Waste Rule.

### **6.7.4 Role of States**

Battery legislation in states such as New Jersey and Minnesota was a driving force behind the RBRC program. In the absence of federal legislation, states can play a major role in spurring industry initiatives to extend responsibility for products. It is far more efficient to have a single national program to collect and recycle Ni-Cds rather than different requirements and programs in different states. But without legislation at the state level, it is doubtful that a national program to recycle Ni-Cds would have been implemented. Conflicting state laws on labelling and mandatory collection actually led the battery industry to encourage federal legislation. States are in a strategic position to stimulate industry to extend responsibility for products, either through state legislation or cooperative, voluntary agreements with industry.

Many “voluntary” EPR initiatives in the U.S. and abroad have been created to pre-empt anticipated legislation. The RBRC take-back system enabled industry to comply with the mandatory take-back requirements already legislated in some states and to pre-empt legislation in other states.

### **6.7.5 Value of Green Marketing**

Green marketing was another factor that motivated manufacturers to take back and recycle Ni-Cds. The environmental impact of batteries has been of concern to government and to consumers. Rechargeable batteries have been promoted as “green” products because of their reusability (rechargeability). Since each one can replace hundreds of non-rechargeable batteries, rechargeables clearly can reduce the amount of batteries entering the wastestream. The problem is that cadmium is a hazardous material. If industry takes back the batteries and recycles them, it can mitigate the problems Ni-Cds can cause if they are in the municipal wastestream and discourage efforts by governments to ban them. While rechargeable batteries may be “green” in comparison with single use batteries, the claim needs to be reevaluated when they are used in products as an alternative to manual or electrical power.

Recycling is a marketing tool with respect to retaining current market share and acquiring market share in new industries. For example, there is intense research taking place on fuel cell and battery technologies for electric vehicles. Ni-Cds are in contention in this emerging market. If batteries are to be used in electric vehicles, the availability of recycling technology will be a factor in determining what type of batteries are chosen. This will be true for other battery markets as well.

### **6.7.6 Avoiding “Free Riders”**

Voluntary systems frequently have a “free rider” problem. This occurs when companies benefit from the program but do not pay the fees. This has been a major problem in implementing the “green dot” system for packaging in Germany.<sup>65</sup> RBRC has said it would take back all Ni-Cd batteries even if they do not carry its Seal. This means a company can have its batteries recovered by RBRC but not pay for the program.

So far, 75 percent of the batteries being put on the market in 1996 have the Seal. It will be important to maintain a high licensee participation rate. It will also be important to enforce the fee system. In Germany, shortly after the “green dot” program was implemented, 90 percent of the packages had a green dot but fees had only been paid for 60 percent. Companies were printing the dot without paying the fees, or underestimating the amount of fees owed.<sup>66</sup> RBRC may have less of a problem since it is dealing with under 200 licensees, but it will need an effective enforcement system to assure proper payment of the fees. Non-licensee computer manufacturers are possible “free riders” on the RBRC system. Even if they have their own take-back systems, their batteries may end up in the RBRC bins. This will become less of an issue in the future as Ni-Cd use in computers is phased out.

One way to address the “free rider” problem is for states to enforce their legislation. As noted in section 6.3.2, the sale of Ni-Cd batteries are banned in many states unless the manufacturers take them back and either recycle or properly dispose of them. Strict enforcement of such provisions would encourage all manufacturers selling Ni-Cds in these states to either become RBRC licensees or to set up their own take-back programs.

Government (federal, state, and local) can also provide encouragement by using procurement guidelines to support industry efforts. If government would buy rechargeable batteries or products containing them that are part of a take-back program, companies would have a greater incentive to become and to remain licensees. This would be true of any product take-back system funded by the licensing of a trademark.

The Netherlands has developed a policy to deal with the “free rider” problem. The Dutch national waste law provides that a substantial number of companies in an industry can request national legislation. If a majority of companies in an industry sign a voluntary agreement with the government to meet environmental objectives, these companies can request that the government pass a law making the program mandatory for all companies in that industry. So far this has not been invoked, but it is a backup tool that could be invoked if “free riders” become a problem.

#### **6.7.7 Definitions/Classifications and Terminology**

Another lesson from the RBRC experience is the importance of definitions/classifications and terminology. For example, retailers are willing to participate in the take-back of Ni-Cd batteries only if the batteries are not considered a hazardous waste. The classification affects costs of the system and also liability.

Companies are also more willing to institute take-back systems if the items taken back are defined as “products” not as “waste.” According to the New Jersey DEP, lawyers advise companies not to become waste managers. If the company is taking back a “product” it does not have to deal with all the permits and regulations that apply when taking back “waste.” When Panasonic expressed interest in taking back computers and demanufacturing them, the New Jersey DEP responded that if the company takes responsibility, DEP would not regulate the computers as “waste” and would instead consider them “products.”<sup>67</sup> Companies prefer to take back products and to call the program “asset recovery.” Shifting responsibility for waste may be accurate terminology but new programs are more likely to be implemented if they are called “asset recovery.” This is not just an issue of semantics — there are substantive consequences to the terminology used.

### **6.8 CONCLUSIONS**

Other companies or industries interested in establishing a collection and recycling system for their products will have much to learn from the RBRC experience. The program described in this case study may emerge as a model in the U.S. for take-back programs that involve many companies and are handled by a third party.



The structure of RBRC and its licensing system could be adapted to other industries. In multi-company take-back systems, license fees can provide a method of allocating financial responsibility when it is not feasible for each company to take-back only its own products. The licensing arrangements provide a mechanism for allocating the costs across many companies in an equitable and efficient manner.

Take-back programs require the development of new logistical systems. The collection system for Ni-Cd batteries described in this report is one such system. Obviously systems will be different for different products — taking back batteries is different from taking back automobiles or computers. A major distinction is whether companies take back only their own products or whether a third party takes back products for a large number of producers. In addition to providing information about third-party systems generally, the RBRC experience will indicate the level of cooperation that might be expected from households, institutions, and the commercial sector.

The RBRC system represents a shift in responsibility for used batteries, from municipal government to private industry. This focusses company attention on the end of life of batteries and internalizes the costs of collecting and recycling used batteries into the price of the product. If these costs are excessive, the companies have an incentive to develop alternative batteries with lower collection and recycling costs or less environmental impact. The technology challenge rests with private industry, which is much better able to address it than municipal government. The assumption of this responsibility by industry is likely to drive innovation in battery design, recycling technologies, and collection systems; to lessen adverse environmental impacts of batteries; and to provide industry with new marketing opportunities.

RBRC is already considering expanding its system to additional rechargeable battery types and to other countries. Pilots to take back nickel-metal hydride batteries will be conducted in the U.S. in late 1996. As noted earlier, RBRC will expand its system into Canada in 1997 and is considering operating programs in Australia and Mexico. Take-back systems are far more advanced in many other countries, particularly in Europe, than in the U.S. but they have not been developed specifically for Ni-Cd batteries. The RBRC program gives U.S. industry an opportunity to provide international leadership in this specific application of extended product responsibility.

The RBRC effort to collect and recycle Ni-Cd batteries is an important one. It is the first multi-company attempt on such a large scale in the U.S. Success will be contingent upon meeting the ambitious targets set by the producers of Ni-Cds. If the program is successful, it can help in the future marketing of Ni-Cds, reduce costs of MSW management, reduce environmental impacts and increase the efficiency of material use. The nickel and cadmium recovered in this program will have a new life in new Ni-Cds and stainless steel products rather than requiring disposal in incinerators and landfills.

## ENDNOTES

1. "Characterization of Municipal Solid Waste in the United States: 1994 Update." Prepared by Franklin Associates for U.S. Environmental Protection Agency, pp. 58, 105. Also, Keith, Frank (ed.). 1994. *Handbook of Solid Waste Management*. McGraw Hill, Inc., pp. 9, 150.
2. "Characterization of Municipal Solid Waste in the United States: 1994 Update." Prepared by Franklin Associates for U.S. Environmental Protection Agency, p. 40.
3. Jefferson Bagby, General Counsel, RBRC, November 14, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.
4. Hurd, David. 1992. *Getting a Charge Out of the Wastestream*. R2B2. April 17.
5. Hurd, David. 1992. *Getting a Charge Out of the Wastestream*. R2B2. April 17.
6. Raymond Balfour, Vice President, RAYOVAC, November 14, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.
7. Myris Dierlich, National Electrical Manufacturers Association, January 26, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
8. Kim Kelley, President, Rechargeable Battery Recycling Corporation, June 10, 1996. Personal Communication Bette K. Fishbein, INFORM, Inc.
9. Norm England, President, PRBA, November 2, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.
10. Raymond Balfour, Vice President, RAYOVAC, November 14, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.
11. Hurd, David. 1992. *Getting a Charge Out of the Wastestream*. R2B2. April 17.
12. Hurd, David. 1992. *Getting a Charge Out of the Wastestream*. R2B2. April 17.
13. *Household Battery Report*. 1991. Minnesota Office of Waste Management. December.
14. Since the focus of this report is Ni-Cd batteries, it will not include the environmental and health impacts of mercury. For information on this refer to source in footnote 17.
15. *The Declining Presence of Mercury in Batteries and Municipal Solid Waste*. 1994. National Electrical Manufacturers Association. For U.S. Bureau of Mines. March.
16. Hurd, David. 1992. *Getting a Charge Out of the Wastestream*. R2B2. April 17.
17. Hurd, David. 1992. *Getting a Charge Out of the Wastestream*. R2B2. April 17.
18. Saskia Mooney, Environmental Analyst, Weinberg Bergeson & Neuman, June 4, 1996, Washington, D.C. Personal Communication to Bette K. Fishbein, INFORM, Inc.

19. "Universal Waste Rule, Spurring New Source Reduction and Reclamation Strategies." 1995. *Views*. WMX Technologies, Inc. Autumn.
20. California, Connecticut, Florida, Iowa, Maine, Maryland, Minnesota, New Jersey, New Hampshire, New York, Oregon, Rhode Island, and Vermont.
21. Saskia Mooney, Environmental Analyst, Weinberg, Bergeson & Neuman, June 4, 1996, Washington, D.C. Personal Communication to Bette K. Fishbein, INFORM, Inc.
22. *Legislative and Regulatory Update*. 1995. PRBA. November 17.
23. *Recycling America's Rechargeable Batteries — The Program*. 1995. RBRC.
24. *Recycling America's Rechargeable Batteries — The Program*. 1995. RBRC.
25. *Recycling America's Rechargeable Batteries — The Program*. 1995. RBRC.
26. Jefferson Bagby, General Counsel, RBRC, November 14, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.
27. "RBRC Terminology." 1996. RBRC Fact Sheet. As of June 1996, an additional collection system was set up to recover Ni-Cds from military and other federal installations. The licensee program was made a subset of the business and public agency system, leaving a total of four systems.
28. Jefferson Bagby, General Counsel, RBRC, May 28, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
29. Gordon Maxwell, Recycling Coordinator, May 30, 1996, Putnam County, New York. Personal Communication to Bette K. Fishbein, INFORM, Inc.
30. *Recycling America's Rechargeable Batteries — The Program*. 1995. RBRC.
31. *Making Metals a Reusable Resource*, n.d., International Metals Reclamation Company (INMETCO).
32. McComas, David. "INMETCO Cadmium Furnace." *RBRC Spring Report*.
33. Jefferson Bagby, General Counsel, RBRC, May 28, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
34. Jefferson Bagby, General Counsel, RBRC, May 28, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
35. Jefferson Bagby, General Counsel, RBRC, May 28, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
36. "Home Improvement's Richard Karn Gets Charged Up to Recycle." *RBRC National Kickoff*. RBRC. Press Release.

37. *Four-Part Industry Pilot Program for the Collection and Recycling of Rechargeable Batteries and Battery Powered Products in the State of Minnesota*. 1995. PRBA/RBRC Executive Summary. October 1.
38. Jefferson Bagby, General Counsel, RBRC, May 28, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc. See Appendix for Licensees as of July 24, 1996.
39. Jefferson Bagby, General Counsel, RBRC, May 28, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc. See Appendix for Licensees as of July 24, 1996.
40. Walter Rosenberg, Corporate Environmental Manager, Compaq Computer Corporation, May 23, 1996 and May 24, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
41. Jefferson Bagby, General Counsel, RBRC, May 28, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
42. Kim Kelley, President, RBRC, June 5, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
43. Kim Kelley, President, RBRC, June 5, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
44. Mark Schweers, Manager of Sales and Marketing, INMETCO, January 24, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc. The total Ni-Cds recycled by INMETCO in 1995 exceeds the amount collected by RBRC. INMETCO's data include Ni-Cds from companies that operate their own take-back program for consumer batteries and also some industrial Ni-Cds that are not part of the RBRC program.
45. Kim Kelley, President, RBRC, June 5, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
46. *Four-Part Industry Pilot Program for the Collection and Recycling of Rechargeable Batteries and Battery Powered Products in the State of Minnesota*. 1995. PRBA/RBRC Executive Summary. October 1.
47. Pat Carey, Minnesota Pollution Control Agency, January 23, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
48. *Four-Part Industry Pilot Program for the Collection and Recycling of Rechargeable Batteries and Battery Powered Products in the State of Minnesota*. 1995. PRBA/RBRC Executive Summary. October 1.
49. Peg Hoffman, U.S. Filter Recovery Services, January 23, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
50. Pat Carey, Minnesota Pollution Control Agency, December 20, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.

51. *Four-Park Industry Pilot Program for the Collection and Recycling of Rechargeable Batteries and Battery Powered Products in the State of Minnesota*. 1995. PRBA/RBRC Executive Summary. October 1.

52. Pat Carey, Minnesota Pollution Control Agency, January 23, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc. Minnesota is working on product stewardship initiatives with other industries that may lead to national programs. Honeywell, Inc. has implemented a free take-back and recycling program for mercury thermostats in Minnesota and may launch a national program. A program for the take-back of mercury relays is being developed as a pilot for a national program. Spurred by a ban in Minnesota and threat of a national ban, L.A. Gear launched a national take-back program for its battery-lighted sneakers with mercury switches.

53. Mike Winka, Division of Solid and Hazardous Waste, New Jersey Department of Environmental Protection, November 15, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.

54. "Report on RBRC and PRBA Battery Collection Activities." 1995. PRBA/RBRC. December 6.

"Report on RBRC Nickel-Cadmium Battery Collection Activities." 1996. RBRC. June 6.

55. Saskia Mooney, Environmental Analyst, Weinberg, Bergeson & Neuman, June 4, 1996, Washington, DC. Personal Communication to Bette K. Fishbein, INFORM, Inc.

56. Collections from communities are included in the commercial data for the first half of 1995.

57. Mike Winka, Division of Solid and Hazardous Waste, New Jersey Department of Environmental Protection, November 15, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.

58. Winka, Mike, Frank Peluso and Joseph Carpenter. 1995. "Demanufacturing: Redefining Solid Waste and Product Management." *Pollution Prevention Review*. Autumn. Also, Mike Winka, Division of Solid and Hazardous Waste, New Jersey Department of Environmental Protection, November 15, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.

59. Winka, Mike, Frank Peluso and Joseph Carpenter. 1995. "Demanufacturing: Redefining Solid Waste and Product Management." *Pollution Prevention Review*. Autumn. Also, Winka, Mike. Division of Solid and Hazardous Waste, New Jersey Department of Environmental Protection, November 15, 1995. Personal Communication to Bette K. Fishbein, INFORM, Inc.

60. Mac Slayton, Manager, Regulatory Affairs, Radio Shack, January 29, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.

61. Mac Slayton, Manager, Regulatory Affairs, Radio Shack, January 29, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.

62. Saskia Mooney, Environmental Analyst, Weinberg, Bergeson & Neuman, June 11, 1996, Washington, DC. Personal Communication to Bette K. Fishbein, INFORM, Inc.

63. Jefferson Bagby, General Counsel, RBRC, May 28, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.
64. "Sweden Proposes EU-wide Ban on Nickel-Cadmium Batteries." 1995. *Environment Watch: Western Europe*. Cutter Information Corporation. November 17.
65. Industry is mandated to take back packaging waste in Germany and funds the program by licensing a logo — the "green dot," which is printed on the packages. For information on the program see: Bette K. Fishbein. 1994. *Germany, Garbage and the Green Dot: Challenging the Throwaway Society*. INFORM, Inc.
66. Industry is mandated to take back packaging waste in Germany and funds the program by licensing a logo — the "green dot," which is printed on the packages. For information on the program see: Bette K. Fishbein. 1994. *Germany, Garbage and the Green Dot: Challenging the Throwaway Society*. INFORM, Inc.
67. Mike Winka, Division of Solid and Hazardous Waste, New Jersey Department of Environmental Protection, November 15, 1996. Personal Communication to Bette K. Fishbein, INFORM, Inc.

## **CHAPTER 7**

### **PRODUCT STEWARDSHIP AT XEROX CORPORATION**

**Case Study Prepared by:**

**Catherine A. Wilt**

**University of Tennessee**

**Center for Clean Products and Clean Technologies**

*“There are good reasons to protect the Earth...it’s the safest and surest way to long-term profitability.”*

Paul Allaire, Chairman and CEO, Xerox Corporation<sup>1</sup>

#### **7.1 INTRODUCTION**

The Xerox Corporation sells publishing systems, copiers, printers, scanners, fax machines, and document management software, as well as related products and services, in over 130 countries. In 1996, they had revenues of \$17.4 billion, and employed 86,700 persons, including 46,000 in the U.S.

In 1990, Xerox Corporation embarked upon a strategy to reduce waste in their products and facilities, and to promote the recycling and recovery of Xerox products. The company developed the Environmental Leadership Program, which seeks to promote environmental excellence in all aspects of the Xerox Corporation’s operations and products. Product stewardship initiatives are coordinated through two programs: Asset Recycle Management and Design for Environment. The ultimate goal of these programs is zero waste to produce waste-free products in waste-free facilities.

#### **7.2 BACKGROUND OF ENVIRONMENTAL STEWARDSHIP AT XEROX**

Xerox Corporation has always worked towards a proactive environmental corporate image. In 1967, Xerox started reclaiming metals from its photoreceptor drums, resulting in both reduced manufacturing costs from using recycled metals and decreased hazards associated with disposal of the drums. In the 1970s, Xerox stopped using polychlorinated biphenyls in most components, and in all newly designed products and production processes.<sup>2</sup> In 1992, Xerox set an internal policy to eliminate ozone-depleting substances from all manufacturing processes and operations by mid-1993, well ahead of the U.S. commitments under the Montreal Protocol. Xerox has also been a committed member of many voluntary EPA waste reduction and pollution prevention programs, such as GreenLights, WasteWi\$e, the 33/50 program, and Energy Star copiers and printers.

In 1980, the corporate Environmental, Health, and Safety Department (EH&S) was established. Xerox has developed a structured, systematic approach to environmental management based upon existing management practices. EH&S processes are integrated within a comprehensive system that builds upon the “Leadership Through Quality” program concepts, processes, and principles used throughout Xerox. Senior management involvement and leadership is key to the system’s success. The EH&S policy includes the following goals:

- C Protection of the environment and the health and safety of employees, customers, and neighbors from unacceptable risks takes priority over economic considerations and will not be compromised.
- C Xerox operations must be conducted in a manner that safeguards health, protects the environment, conserves valuable materials and resources, and minimizes risk of asset losses.
- C Xerox is committed to designing, manufacturing, distributing and marketing products and processes to optimize resource utilization and minimize environmental impact.
- C All Xerox operations and products are, at a minimum, in full compliance with applicable governmental requirements and Xerox standards.
- C Xerox is dedicated to continuous improvement of its performance in Environment, Health and Safety.<sup>3</sup>

In addition to its corporate commitment to environmental protection, there were a number of drivers for developing a more proactive environmental program at Xerox. An initial driver in the U.S. was public concern over landfilling of waste and growing public promotion of recycling. Further, through its international business operations, EH&S became aware of the growing concerns in Europe over waste disposal, and burgeoning discussions of manufacturer responsibility. Xerox also realized that taking a proactive stance on waste reduction and recycling would give them a competitive advantage. Xerox created multinational quality improvement teams to assess packaging specifications, facility recycling programs, and waste management policies. EH&S managers concluded that a company-wide plan for Total Environmental Quality Management was necessary.<sup>4</sup>

The director of EH&S, James MacKenzie, and Jack Azar, Associate Director, Environmental Products and Technology, developed a strategy called the Environmental Leadership Program, which consisted of four components: a cartridge recycling program, a supplies project, an asset management initiative, waste reduction and recycling. Employee involvement was used to drive the strategy. The program components emphasized the Xerox commitment to quality as well as enhancing the reuse and remanufacture of Xerox machines. Initial assessment of savings potential for the expansion of reuse and recovery programs suggested savings potential from a conservative estimate of \$10 to \$20 million annually to more than several hundred million annually.<sup>5</sup>



### 7.3 ASSET RECYCLE MANAGEMENT

Asset management is the process of reusing an asset (machine, subassembly, piece part) either by remanufacturing to its original state, converting to a different state, or dismantling to retrieve the original components.<sup>6</sup> Asset Recycle Management (ARM) at Xerox is defined in its mission statement as “a worldwide asset recycle organization that provides strategic planning, new product technical support, and environmental linkages to enable the business divisions and their customers to achieve corporate priorities through profitable utilization of unserviceable parts and equipment consistent with environmental goals.”<sup>7</sup>

The project goals are to attain “waste-free” factories by 1998 by:

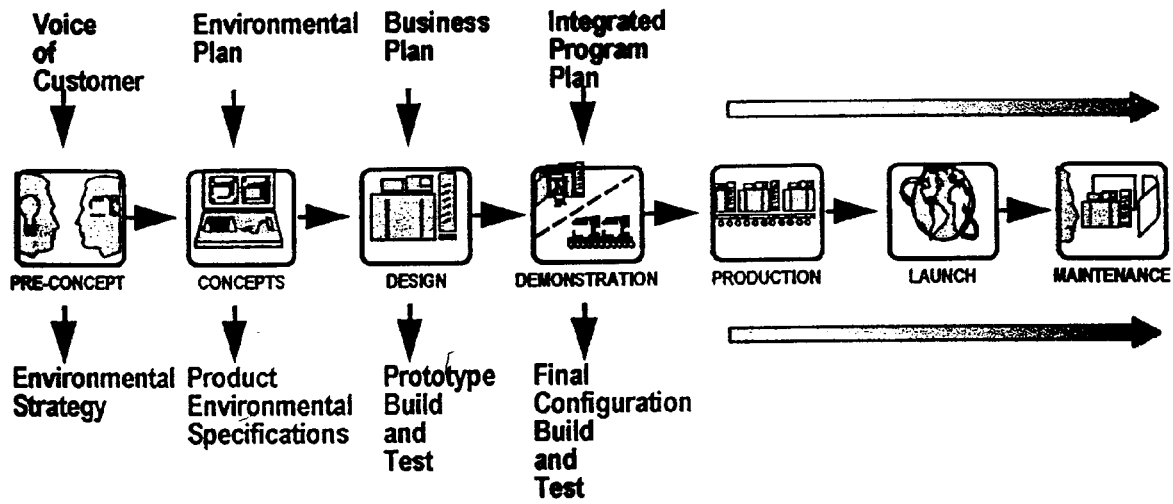
- C Achieving a 90 percent decrease in municipal, hazardous, and chemical waste.
- C Achieving a 90 percent decrease in air emissions.
- C Achieving a 50 percent decrease in water discharges.
- C Achieving a 25 percent increase in purchases of post-consumer materials.
- C Achieving a 10 percent increase in energy efficiency as compared to each facility’s baseline.<sup>8</sup>

While Xerox had been taking back machines through their leasing programs, their manufacturing facilities had not been developed with total recycling of machines in mind. The “return” process required equipment to be sent to a central warehouse facility, which represented additional expenses to the company in both handling and warehouse costs. Further, as field returns accumulated, there were inventory control problems and scrapping of equipment and parts. Xerox quickly realized that the method in which they accepted returns, processed, and recycled them would need to change to implement the ARM Program.<sup>9</sup>

#### 7.3.1 The Product Delivery Process

In 1993, environmental and asset recovery considerations were incorporated into Xerox products through the Product Delivery Process (PDP). Xerox adopted a “focus-factory” concept that integrated new-build and remanufacturing lines to facilitate consistent use of existing manufacturing tools, processes, and product quality controls. An assessment process was developed for all products in development that essentially provides checkpoints throughout each phase of product development (Figure 7-1). If potential problems are discovered, the PDP can serve to halt development of the product if the issue is considered critical, or an action plan will be created and implemented to rectify the concern.<sup>10</sup>

Figure 7-1: Product Delivery Process



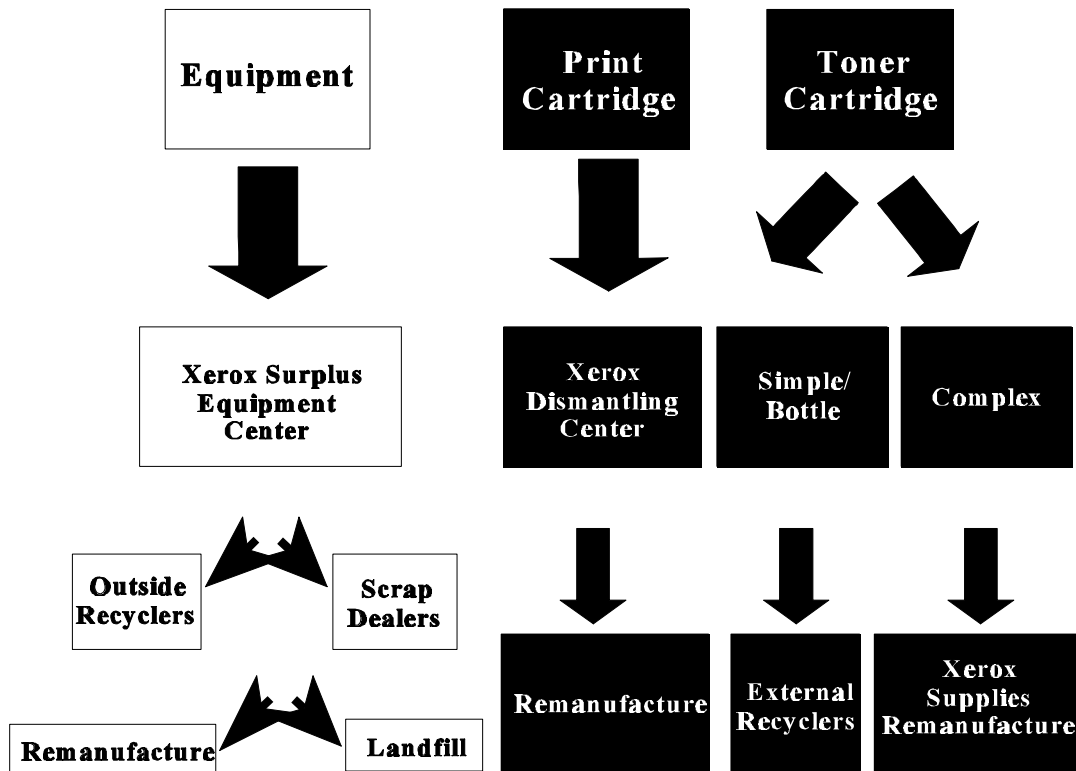
Source: Azar, J., et al. 1995. IEEE International Symposium on Electronics and the Environment.

Environmental and asset recovery considerations are built into each phase of the PDP. During the Pre-Concept phase, the potential markets and customers for the product are established. In the Concept phase, general product strategies are translated into environmental and asset recovery plans, design teams work on designing for asset recovery, and environmental design end points are incorporated into product design specifications. The environmental design end points include requirements such as inclusion of parts made of 25 percent post consumer resin, use of recyclable thermoplastics, and minimization of emissions. During the Design phase, a prototype is created and evaluated for remanufacturability and recyclability, which is then compared to environmental performance criteria. Before the prototype can move to the Demonstration phase, it has to go through a design exit review that includes criteria for meeting the material utilization and emissions endpoints. If the product meets all the end point requirements, it is at this phase that capital tooling commitments and supplier commitments are formalized.<sup>11</sup>

### 7.3.2 Equipment Recycling Process

After machines have served their useful life or after termination of a lease, the machines are returned to a dedicated recycling center. The returned equipment is then separated to either be remanufactured or stripped down for part and material recovery (see Figure 7-2).

**Figure 7-2: Xerox Recycling Processes**



Source: Azar, J. 1996. PCSD Workshop on Extended Product Responsibility.

Field returns that meet remanufacture criteria follow disassembly and reassembly processes. After data recording and damage checks, external covers, subassemblies, and parts are removed. All pieces are sorted according to their remanufacture codes, cleaned, and refurbished to new part standards. Repaired parts are returned to manufacturing for use in second generation equipment. Parts and assemblies that are too damaged for remanufacturing are scrapped to recover the metal and plastic content.<sup>12</sup>

Due to the corporate commitment to ARM, the percentage of remanufactured machines has more than doubled in the last five years. In addition to the environmental successes of asset recovery at Xerox, the ARM program has been an enormous financial success. In the first twelve months of the program, ARM saved over \$50 million due to changes in logistics, inventory, and raw materials purchasing.<sup>13</sup> Estimated savings to Xerox in 1995 alone exceeded several hundred million dollars, and the company feels that there is the potential for greater savings in the future. By accounting for environmental and remanufacturing conditions in the design process, Xerox will achieve higher paybacks and faster time to market.<sup>14</sup>

## 7.4 DESIGN FOR ENVIRONMENT

Following on the initial success of the ARM program, Xerox developed a full-scale Design for Environment (DFE) initiative. The goal of the DFE program is to produce waste-free products. DFE at Xerox includes the following criteria:

- C Satisfaction of all current and future regulatory requirements.
- C Satisfaction of criteria defined by major environmental labeling programs such as the U.S. EPA's Energy Star and Germany's Blue Angel.
- C Satisfaction of customer environmental requirements.
- C Satisfaction of internal requirements for remanufacturing and environmental protection.<sup>15</sup>

Xerox has designed several tools that facilitate the inclusion of Design for the Environment in the PDP and product manufacturing phases. These include signature analysis, remanufacturing coding, and design for assembly software. Signature analysis is a diagnostic tool for manufacturing that incorporates a sophisticated methodology for determining the remaining life and performance potential of a component or part after it is recovered. Design for assembly software, still to be developed at Xerox, will be utilized to evaluate product designs to improve quality, cost, delivery, and to quantify assembly times. This software tool is being developed to assist design teams in optimizing disassembly, recyclability, and environmental design. Remanufacturing coding is a system to optimize for part and assembly remanufacturing. The coding procedure is included on engineering drawings and the engineering documentation information system for the product. Disposition codes come into play when a part or assembly is no longer acceptable for remanufacture, and help to ensure maximum asset utilization and proper control over the environmental fate of all parts, components, and assemblies.<sup>16</sup>

A design principles matrix was also developed to further ensure that general environmental design guidelines and standards are incorporated into all Xerox products. This matrix is used by the design engineer to facilitate the interactions of various design features, such as ease of assembly, disassembly, remanufacturing, servicing, and recycling (see Table 7-1). Some of the general principles used to promote design for disassembly are modularity, no metal inserts, snap in/out (or breakout inserts), mold-in color, less use of adhesives, or use of compatible adhesives. To promote ease of serviceability, design guidelines include accessibility of equipment, tools, modularity, minimizing adjustment and test time.<sup>17</sup>

To facilitate efficient recycling, several principles are emphasized. The use of compatible materials, especially plastics, is necessary. Many fewer plastics are used now, and Xerox is driving toward use of 100 percent thermoplastic resin formulations. All plastics are marked according to ISO standards. Also, the use of paper labels has been curtailed to reduce contamination of plastic materials.<sup>18</sup>

Another DFE tool used by Xerox is a financial model developed to enable design engineers to assess tradeoffs between life-cycle costs and various design parameters. Based on a net present value model, it incorporates such inputs as material selection, remanufacturing return on investment, and disposal costs at end of life. This allows Xerox engineers to conduct sensitivity analysis between product cost changes and total life cost.<sup>19</sup>

**Table 7-1: Design Principles Matrix**

Design Features	Affected Activity				
	DFA	Asset Recovery Management			
		DFD	Service	Reman	Recycle
Part consolidation		U	U	U	U
Design parts to be multifunctional		U	U	U	U
Use standard components and processes	U	U		U	
Develop a modular design approach	U	U	U	U	U
Minimize orientation of parts	U		U		
Facilitate insertion/alignment	U	U	U	U	U
Minimize assembly direction (top down preferred)	U		U		
Maximize compliance/self alignment	U			U	
Reduce fasteners, springs, pulleys, harnesses		U		U	U
Minimize adjustments		U	U	U	
Design for commonality	U	U	U	U	U
Do not design from emotion	U				
Utilize similar materials	U	U	U	U	U
Minimize use of adhesives		U	U	U	U
Utilize marketing codes		U	U	U	U
Utilize molded - in color	U	U	U	U	U

Source: Bark-Boateng, V., et al. 1993. IEEE International Symposium on Electronics and the Environment.

Key:     **U** Applies in all cases  
           DFD - Design for Disassembly  
           DFA - Design for Assembly

## 7.5 OTHER EPR INITIATIVES AT XEROX

As part of their product stewardship initiatives, Xerox has made been working to successfully involve their customers in returning Xerox equipment and components for recovery and recycling. Two programs that demonstrate the customer partnerships with Xerox are the Copy and Print Cartridge Return Program and the Toner Container Return Program.

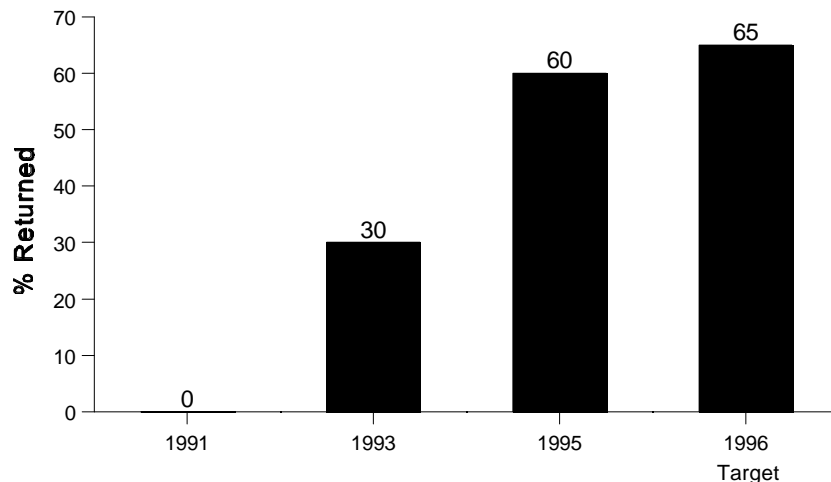
### 7.5.1 Copy and Print Cartridge Return Program

Launched in 1991, the Copy Cartridge Return Program has become a very successful program for Xerox. The copy cartridge was initially chosen as a possible target for take back, reuse, re-manufacturing, and recyclability for several reasons. Since 1988, the copy cartridge had been a replaceable part. The cartridge represented a fairly self-contained part that could be designed to be remanufactured and reused. Additionally, other competitors were advertising the take back and recycling of copy cartridges in their equipment.<sup>20</sup>

The Copy Cartridge Return Program created by Xerox was designed to be as simple for the customer as possible. Initial return rates in 1991 were low at approximately two percent, so Xerox had a sales and marketing team investigate the types of program features that would be most useful to customers. Ensuing changes to the program included providing pre-paid return mailing labels to customers who bought or leased cartridges, and discounts were provided to customers who bought the cartridges on the condition that they be returned for re-manufacture. The cartridges are returned to Xerox in their original packaging, with Xerox paying for the return costs. Xerox also encouraged the return of all cartridges, including those older cartridges not designed for remanufacturing and recycling. While this represented an additional expense and a recycling challenge, Xerox felt it necessary to the long-term success of the program.<sup>21</sup>

The number of cartridges returned to Xerox has climbed steadily every year, with a worldwide cartridge return rate of approximately 60 percent in 1995. This represents a landfill diversion of approximately 1,100 tons of material (see Figure 7-3). Program goals for 1996 include achieving a return rate of 65 percent, which Xerox plans to accomplish by making the program even more convenient to the customer and developing stronger environmental messages regarding the product.<sup>22</sup>

**Figure 7-3: Worldwide Return Rate - Xerox Copy & Print Cartridges**



Source: Azar, J. 1996. PCSD Workshop on Extended Product Responsibility

### **7.5.2 Toner Container Return Program**

Based on the success of the Copy Cartridge Return Program, Xerox initiated a Toner Container Return Program in 1995. Toner containers have traditionally been difficult to recycle due to residual toner and low economic value. However, the toner program is part of a 3Rs program, to reduce, reuse, and recycle materials in supplies packaging. Xerox redesigned their toner containers in several ways: they lightweighted the containers, saving over 500 tons of material in two years and reducing the financial and environmental costs of shipping. Xerox also qualified 100 percent post-consumer plastic for use in the production of toner containers and has redesigned some cartridge assemblies for reuse and recycling.<sup>23</sup>

Xerox launched its Toner Container Return Program on Earth Day, 1995, making it the first program of its kind in the industry. The customer return process is similar to the Copy Cartridge Return Program - customers re-box empty toner containers in their original packaging and return them with shipping costs paid by Xerox. The containers are cleaned, inspected, and then refilled or recycled.

While the Toner Container Program is still too new to fully evaluate its success, it has the potential to reuse or recycle 80 percent of Xerox toner containers and annually divert more than 1000 tons of plastic from the wastestream. So far, over 500,000 toner containers have been returned, and customer response has been very enthusiastic.<sup>24</sup>

## **7.6 CONCLUSIONS**

Xerox Corporation has made a significant voluntary commitment to product stewardship and environmental protection in its global products and facilities. In working towards the Xerox goal of developing waste-free products in waste-free facilities, notable achievements include:

- C In 1995, Xerox achieved an overall solid waste recycling rate of 80 percent at its 17 largest sites worldwide, up from 56 percent in 1991; these recycling programs have saved the company over \$12 million in 1995, and reduced waste to landfill by 15 percent since 1994.
- C In 1995, 70 percent of Xerox' new product programs included environmental features, up from 25 percent in 1994.
- C Annually, Xerox' product stewardship programs save several hundred million dollars.<sup>25</sup>

With the assistance of management leadership and involving Xerox employees at all levels, Xerox Corporation has proven that product stewardship can be highly cost effective over a product's life cycle, and can promote a better competitive position in today's global marketplace.

## ENDNOTES

1. Murray, Fiona. 1994. *Xerox: Design for the Environment*. Harvard Business School. N9-794-002. January 7, p. 20.
2. Murray, Fiona. 1994. *Xerox: Design for the Environment*. Harvard Business School. N9-794-022. January 7, p. 3.
3. "Zerex Environment, Health and Safety Policy." At <http://www.xerox.com/ehs/1995/policy.html>.
4. Murray, Fiona. 1994. *Xerox: Design for the Environment*. Harvard Business School. N9-794-022. January 7, p. 6 - 7.
5. Murray, Fiona. 1994. *Xerox: Design for the Environment*. Harvard Business School. N9-794-022. January 7, p. 6 - 7. Also, Jack Azar. 1997. Personal communication to Catherine Wilt, UT Center for Clean Products and Clean Technologies. January 31.
6. Berko-Boateng, V., et al. 1993. "Asset Recycle Management - A Total Approach to Product Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 19.
7. Murray, Fiona. 1994. *Xerox: Design for the Environment*. Harvard Business School. N9-794-022. January 7, p. 9.
8. Azar, J. 1996. "Asset Recycle Management," in Proceedings of the PCSD EPR Workshop. October, p. 5.
9. Azar, J., et al. 1995. "Agent of Change: Xerox Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 4 - 5.
10. Azar, J., et al. 1995. "Agent of Change: Xerox Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 4 - 7.
11. Azar, J., et al. 1995. "Agent of Change: Xerox Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 6 - 8.
12. Azar, J., et al. 1995. "Agent of Change: Xerox Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 9. Also Azar, J. 1996. "Asset Recycle Management," in Proceedings of the PCSD EPR Workshop. October, p. 3 - 4.
13. Murray, Fiona. 1994. *Xerox: Design for the Environment*. Harvard Business School. N9-794-022. January 7, p. 9.



14. "Product Stewardship." At <http://www.xerox.com/ehs/1995/prodstew.html>.
15. "Product Stewardship." At <http://www.xerox.com/ehs/1995/prodstew.html>.
16. Azar, J., et al. 1995. "Agent of Change: Xerox Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 9.
17. Berko-Boateng, V., et al. 1993. "Asset Recycle Management - A Total Approach to Product Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 25.
18. Berko-Boateng, V., et al. 1993. "Asset Recycle Management - A Total Approach to Product Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 25. Also Azar, J., et al. 1995. "Agent of Change: Xerox Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 6 - 8.
19. Azar, J., et al. 1995. "Agent of Change: Xerox Design for the Environment," in the Proceedings of the IEEE International Symposium on Electronics and the Environment. May, p. 7.
20. Murray, Fiona. 1994. *Xerox: Design for the Environment*. Harvard Business School. N9-794-022. January 7, p. 12 - 13.
21. Murray, Fiona. 1994. *Xerox: Design for the Environment*. Harvard Business School. N9-794-022. January 7, p. 12 - 14. Also, Jack Azar, from transparencies presented at the PCSD/EPA Workshop on Extended Product Responsibility, October 1996.
22. "Xerox Supplies and Customer Partnerships." At <http://www.xerox.com/ehs/1995/partnerships.html>.
23. "Xerox Supplies and Customer Partnerships." At <http://www.xerox.com/ehs/1995/partnerships.html>. Also, Jack Azar, from transparencies presented at the PCSD/EPA Workshop on Extended Product Responsibility, October 1996.
24. "Xerox Supplies and Customer Partnerships." At <http://www.xerox.com/ehs/1995/partnerships.html>.
25. "Xerox Product Stewardship." At <http://www.xerox.com/ehs/1995/prodstew.html>. Also, "waste Minimization an Pollution Prevention." At <http://www.xerox.com/ehs/1995/wastemin.html>.



## Chapter 8

### ROCHESTER-MIDLAND CORPORATION'S LIFE-CYCLE PARTNERSHIP FOR CLEANING PRODUCTS

Case Study Prepared by:

Gary A. Davis

University of Tennessee

Center for Clean Products and Clean Technologies

*“Strategically, our focus is on developing innovative new products which incorporate tight environmental and human safety criteria, educating customers and the broader marketplace, working closely with product users, and developing a team approach to substantially differentiate ourselves from the competition.”*

Stephen P. Ashkin, Vice President, Rochester-Midland

#### 8.1 INTRODUCTION

Rochester Midland Corporation is a chemical specialty manufacturer producing, among other products, cleaning products for institutional building cleaning. By developing a new line of cleaning products with environment, health, and safety in mind and by forming a unique “life-cycle partnership” with an institutional cleaning service, a government building manager, and the tenants of a large government building, Rochester Midland demonstrated the benefits of extending product responsibility in this highly-competitive industry.<sup>1</sup>

Cleaning products have been a focus of environmental, health, and safety concerns because of the numbers of people who are exposed to them in homes, schools, hospitals, and offices and because of the large volume used. In addition to the millions exposed by simply spending the majority of their hours indoors, approximately 2 million workers are employed in janitorial/custodial jobs where they receive significantly higher exposures. The market for cleaning products is in the \$5 billion range and represents about 5 billion pounds of product annually. Exposure of janitorial workers to organic solvents and corrosive chemicals used in institutional cleaners is a major health and safety concern. Furthermore, the use of certain cleaning products in office and public buildings has contributed to indoor air quality problems and to the “sick building syndrome,” which often results in worker complaints and lost productivity.<sup>2</sup>

Recently the President’s Council on Sustainable Development Eco-Efficiency Task Force assessed opportunities for pollution prevention and product stewardship in the commercial cleaning products market. The Cleaning Product Stewardship Project Team, which was a multistakeholder team of producers, users, government representatives, and environmental organizations, took an in-depth look at how cleaning products are made, how they are applied, and how these processes could be improved. The Team found that lack of sufficient information

concerning environmental, health, and safety considerations for selection of cleaning products hampers pollution prevention and product stewardship, that information provided by producers is generally not well-understood by cleaning personnel, and that the practices used by cleaning personnel are frequently inefficient, leading to overuse of cleaners, because the cost of cleaning products themselves is relatively insignificant compared to the costs of labor for cleaning. Among the recommendations of the Project Team was the recommendation that a partnership should be created with members from the entire building cleaning chain of commerce to develop a plan based on the life-cycle perspective for extending eco-efficiency throughout the chain of commerce.<sup>3</sup>

Rochester Midland has demonstrated this type of life-cycle partnership within its own chain of commerce. As a result of the application of Extended Product Responsibility (EPR), the company has developed improved products, has developed closer relationships with the users of its products, and has improved the overall performance of building cleaning.

## **8.2 FEDERAL BUILDING DEMONSTRATION OF THE GREEN BUILDING HOUSEKEEPING AND MAINTENANCE PROGRAM**

To demonstrate this new EPR strategy, Rochester Midland entered into an informal life-cycle partnership for a 36-story federal office building in New York City with a cleaning service provider (WECO), a federal building manager (U.S. General Services Administration [GSA]), and the building tenants (U.S. Environmental Protection Agency [EPA]). The 3-year-old office complex houses offices for the EPA Region 2 and other federal government agencies. While this particular demonstration was undertaken at a federally-owned building with EPA as the tenant, Rochester Midland believes that the strategy is applicable for any building regardless of the owner or tenant.

The demonstration got its start as a result of concerns about how the housekeeping program and cleaning products were affecting some of the building occupants. EPA requested that the building manager and cleaning contractor, GSA and WECO, evaluate the impacts of the existing cleaning program for the building. Rochester Midland Corporation was contacted to help solve the problems because both GSA and EPA were familiar with the company's work on activities related to environmentally preferable products and the leading role of the company in the ASTM Task Force that is currently writing the voluntary national standards on Cleaning Commercial and Institutional Buildings.<sup>4</sup>

The demonstration project was begun in May 1996. The first step in the Green Building Housekeeping and Maintenance Program was the building of the life-cycle partnership through commitment from the senior management of each of the partners. Goals and expectations were clearly defined by senior management as were implementation plans with time tables by which the program could be evaluated. Next a project team was assembled that included senior organizational representation from GSA, EPA, WECO and Rochester Midland, plus specific individuals within the building who had expressed concerns about the existing cleaning practices or the general quality of the indoor environment. It is important to note that those representing the tenants (EPA) included several layers within the organization, including senior managers,

representatives of the employee Health & Safety Committee, and those individuals who were particularly affected.

Through project team meetings with all stakeholders, the following goals for the demonstration were identified:

- C Demonstrate that a focus on human health and safety and the environment would positively affect building occupants and could be done within cost and other performance requirements.
- C Address the needs of those individuals adversely affected by the cleaning products and processes. Identify potentially hazardous products and processes. Identify opportunities to reduce risk to occupants.
- C Address the needs of the cleaning personnel by identifying processes that were potentially hazardous and to reduce those risks. Identify training and communication requirements on product use, storage, and disposal.
- C Address the use of cleaning products to identify opportunities for up-front source reduction in terms of both quantity and toxicity, and to utilize engineering controls for consistent quality and efficiency of cleaning.
- C Identify alternative cleaning products that meet all requirements, including economics, efficacy, and other opportunities consistent with the fundamental objectives of the tenant and building owner, including Executive Order 12873 for “environmentally preferable” products and Executive Order 12856 for pollution prevention opportunities.

With these goals the partnership evaluated the existing products and services to determine if better alternatives are available. As a result of a facility survey and interviews with some of the building occupants who had expressed concerns over the existing program, it was determined that the replacement of several products and the implementation of new procedures could positively impact the indoor environment and meet the project goals.

The second step was the selection of cleaning products to use for the demonstration. The existing cleaning contract provided that the contractor selected the cleaning products as part of their service. While the cleaning products previously used by the cleaning contractor were effective, it was found that several of the products contained ingredients, such as petroleum distillates and strong fragrances, that were particularly troublesome to some of the more sensitive building occupants. Rochester Midland’s Enviro Care cleaners were selected as the alternatives for the demonstration. They are specifically designed by Rochester Midland for safety to the product users, tenants and the environment, in addition to meeting price and performance requirements (see Section 8.3).

The third step was to evaluate and modify cleaning procedures based on the specific requirements of individual areas in the building, such as for the office spaces, high traffic areas, restrooms, and conference rooms. Furthermore, specific procedures were developed to address individual building occupant needs. These occupants include asthmatics, chemically sensitive individuals, and other at-risk populations.

Step four involved training for cleaning personnel to ensure that appropriate cleaning procedures were learned and were being followed. Training was also instituted to inform the cleaning personnel of issues relating to chemical and equipment safety.

In step five engineering controls were installed to provide consistent product quality, greater health and safety protection, and reduced risk associated with the incorrect or accidental mixing of chemicals. This included the use of the Chemizer Chemical Management system, which not only provides safer and more efficient chemical mixing, but also reduces overall chemical use.

Finally, step six involved the development of communication vehicles to provide feedback loops between building management, building occupants, cleaning personnel, and the supplier. These communication vehicles were designed to foster the team effort and develop a clear sense of shared responsibility, as well as to establish a framework for continual improvement.

The Green Building Housekeeping and Maintenance Program was implemented on three floors of the 36 story office building, with another 3 floors used as a control for comparison. Because previous indoor air sampling had failed to identify excessive levels of contaminants of concern, the partners agreed that the measure of success for the demonstration would be the numbers of complaints from building occupants instead of relative levels of air contaminants.

Trials of the improved cleaners and cleaning processes were implemented during summer 1996. Complaints from building occupants were significantly reduced on the three floors with the alternative cleaners and processes despite increased attention engendered by the demonstration project. EPA decided to implement the Green Building Housekeeping and Maintenance Program on all nine floors it occupies in the building, and GSA has expressed interest in implementing the approach in other buildings it manages. Furthermore, as a result of improved chemical management, overall chemical consumption was reduced by approximately 50 percent, reducing resource use, packaging waste, and releases of cleaning chemicals into the environment.

### **8.3 DEVELOPMENT OF ENVIRO CARE PRODUCTS BY ROCHESTER MIDLAND**

In October 1993, when President Clinton authorized Executive Order 12873, requiring the use of environmentally preferable products by federal agencies, a new market for greener cleaners was born. By utilizing the \$200 billion of annual purchasing power of the federal government, the Executive Order has encouraged companies like Rochester Midland to heighten their efforts to develop innovative products with the environment in mind and will ultimately impact whole markets, public and private, throughout the chain of commerce.

Historically, development of new products at Rochester Midland, as at other companies, was based primarily on improved performance, first, followed by reduced price and improved safety. In developing the Enviro Care line of products in the 1980s, however, Rochester Midland placed environmental performance first, with product performance second. The company established an explicit goal of developing environmentally preferable products, defined as products which have a lesser or reduced effect on human health and the environment when compared with competing products that serve the same function.

Rochester Midland's development of environmentally preferable products was presaged by its patenting of the use of citrus-based cleaners as replacements for petroleum-based cleaning products in the early 1980s. This new product provided first-hand experience that product efficacy did not have to be sacrificed to reduce impacts on the environment and the health and safety of product users. In 1990, after several years of research, development, and test marketing, the Enviro Care Program was introduced to the company's institutional customers for floor and carpet care systems and for general building maintenance and cleaning.

One of the difficult tasks in developing environmentally preferable products encountered by Rochester Midland is the identification of metrics for determining the overall environmental performance of the products and comparing that performance to other products with the same function. The overall criteria developed by Rochester Midland for the Enviro Care line require the products to be:

- C Non-toxic.
- C Phosphate free.
- C Biodegradable.
- C Non-corrosive.
- C Non-combustible.
- C Non-reactive.
- C Free of hazardous ingredients.
- C Free of glycol ethers.
- C Free of petroleum distillates.
- C Free of harsh acids.
- C Free of alkalis.
- C Free of ozone-depleting chemicals.
- C Free of suspected carcinogens.
- C Formulated with a preference for rapidly renewable natural resources.

Rochester Midland has developed specific criteria for each of these general criteria or relies upon established tests and standards for each of these general criteria.

The Enviro Care product line developed by Rochester Midland consists of four product types with four basic chemistries. These four chemistries are intended to serve as a technological foundation for continuous improvement of the efficacy and environmental performance of the products.

First is an all-purpose cleaner based upon alkyl polyglycosides as the major surfactant. Alkyl polyglycosides are produced from plant sugars and vegetable oil fatty alcohols and clean effectively at neutral pH. They are also readily biodegradable and exhibit low toxicity.

The second type is a tough job cleaner for oily/greasy soils, which contains a mixture of citrus-based solvent and surfactants. This cleaner is non-corrosive and derived from renewable resources.

The third type of cleaner is a washroom and fixture cleaner, which has the added requirement of removing tarnish from metal components of sinks and toilet fixtures. The product developed is a mixture of the alkyl polyglycoside surfactant, buffered with ammonium citrate. The product is mildly acidic.

The fourth type of cleaner is a hand soap, which can be produced from vegetable oils or alkyl polyglycolides. These can include a variety of additives produced from renewable resources that enhance foam, improve performance in hard water, and soften the skin.

Today, the Enviro Care Program is the fastest growing Program in the company. At least partly through the introduction of the new chemistries, Rochester Midland has accomplished an approximate 25 percent decrease in chemical releases under the Toxics Release Inventory since 1993 despite significant increases in production. Rochester Midland also has active projects to evaluate the overall environmental performance of the products through life-cycle assessment.

#### **8.4 DRIVERS FOR AND BENEFITS OF THE PROGRAM**

The Rochester Midland Green Housekeeping and Maintenance Program and the Enviro Care products development have had several sets of drivers. From the Rochester Midland point of view, the most significant driver is the opportunity to sell new products to a new market. Being in the forefront of marketing environmentally preferable products to federal agencies and cooperating in the demonstration project with the EPA has been a means of showcasing Rochester Midland's leadership in this new marketplace.

Rochester Midland also sees real advantages to the type of life-cycle partnerships that were built in the Green Housekeeping demonstration project. One advantage is the opportunity to influence the selection of cleaning products by cleaning contractors through specifications of environmentally preferable products by building managers. Another is the opportunity to create a new market for cleaning services, not just cleaning products. Finally, the communication with building tenants, building managers, and cleaning contractors provides valuable information for improving the performance of the company's products.

From the standpoint of building managers and building tenants, in this case GSA and EPA Region 2, the principal driver for a Green Housekeeping Program and the life-cycle partnerships demonstrated in this case is to alleviate indoor air quality problems that lead to complaints and lost productivity from building occupants. The demonstration project reduced exposures of highly affected individuals to the cleaning products and processes. In addition to the health benefits to those individuals, this improvement also resulted in improved productivity for the building occupants due to their reduced absenteeism and increased tenant satisfaction. GSA, the building manager, benefits from the added customer satisfaction in a time when federal agencies have more flexibility for leasing office space. Additionally, GSA benefits in terms of their increased ability to protect their building assets and to reduce potential liability from building occupants. From the tenant point of view, not only was EPA able to meet the needs of its personnel for a safe and comfortable work environment, it was also able to support its



organizational mission by promoting environmentally preferable products and preventing pollution.

From the standpoint of cleaning contractors, the principal driver for WECOs participation in the demonstration project was the potential loss of business due to the complaints from building tenants concerning indoor air quality. Turning this problem into an opportunity to increase customer satisfaction through the adoption of alternative cleaning products and practices can only increase marketing opportunities for cleaning contractors, as long as prices do not increase. An even greater benefit over the long term, however, is the reduced risks to cleaning personnel associated with cleaning product usage. This reduced risk comes, in part, from the use of safer cleaning products, but it also comes from improved training and communication for cleaning personnel and from a reduction in the overall quantity of chemical cleaning products used to clean the buildings. The reduced risk reduces potential liabilities for cleaning service companies, and the involvement of cleaning workers in improving their practices increases their pride and professionalism.

## **8.5 BARRIERS ENCOUNTERED IN THE PROGRAM**

There were both technical and non-technical barriers encountered in the implementation of the Green Building Housekeeping and Maintenance Program by Rochester Midland and its partners. The chief technical barriers for Rochester Midland were the development of environmental criteria for the new Enviro Care products and the development of the products themselves. There currently are not any universally accepted criteria for environmentally preferable institutional cleaning products, although one environmental labeling organization, Green Seal, has finalized a standard for household cleaners. EPA has developed general principles for purchasing environmentally preferable products to be used by federal agencies, but those principles are not specific as to which environmental impacts to consider, which ingredients to prefer or avoid, or how to make tradeoffs among disparate impacts that occur throughout the life cycles of different products and different ingredients. Rochester Midland developed a list of criteria through its own research, with reference to existing standards, and then selected product formulations that could meet those criteria while meeting other criteria for safety, performance, and cost.

Other technical barriers included the lack of standards for the cleanliness of buildings or for indoor air pollution. Without these standards, measuring improvements in the performance of cleaning products and alternative cleaning procedures is difficult. It would be difficult, if not impossible, to develop a standard for the cleanliness of buildings, because there are so many different types of buildings, building environments, building users, and soils to be cleaned. As for indoor air pollution, while workplace standards have been set for a few contaminants, it is usually difficult to determine the particular contaminant or contaminants causing discomfort and symptoms of illness among occupants. Furthermore, in many cases, the concentrations that cause discomfort or symptoms in sensitive individuals are well below occupational standards and often below detection levels.

Non-technical barriers included the usual organizational inertia which resists change. In this case, the development of Enviro Care products was impeded by Rochester Midland's own internal competition for research and development resources. The cleaning contractor was reluctant to change cleaning products and cleaning procedures because of the familiarity of the existing products and procedures. Building managers are reluctant to change contracts for cleaning and usually only consider cleaning a priority when there are problems. Building occupants are also reluctant to take time and resources from their primary tasks to get involved with a function that is normally invisible to them.

Another non-technical barrier that can be overcome by demonstrations such as this one is the widely-held belief that products which are safer for the user and the environment are either too expensive or lack the efficacy of traditional products. Rochester Midland is seeking to dispel this belief by working with cleaning contractors and building managers in a way that can secure competitive advantage for its products and services.

## **8.6 CONCLUSIONS**

Rochester Midland has demonstrated the benefits of EPR to the producer and users of cleaning products through an expansion of the product stewardship concept. While product stewardship has traditionally meant providing information and guidance to purchasers of chemical products to ensure that they are used safely, Rochester Midland expanded the concept to incorporate both product redesign and unique life-cycle partnerships with those directly impacted by the use stage of the life cycle. As a result, the company has helped redefine the service of building cleaning to incorporate environmental and health considerations and has created a strong niche for itself in the expanding market for environmentally preferable products.

At a time when there is much confusion about and resistance to the federal purchasing directive for environmentally preferable products, Rochester Midland has developed explicit criteria for the health and environmental performance of its Enviro Care line of cleaning products. These criteria were drawn from those developed by standard-setting organizations, and the company believes they are defensible for specific environmentally preferable claims. Rochester Midland has also developed product formulations to meet those environmental criteria that it claims perform as well and are no more costly than conventional formulations.

The Green Building Housekeeping and Maintenance Program redefined the service of building cleaning by looking at the building as a whole, taking into account the specific cleaning needs, plus any unique requirements of cleaning personnel and building occupants for impacts that are caused by or can be corrected by cleaning operations. The demonstration project also showed that while utilizing the safest cleaning products available is essential, a critical and often overlooked element of a successful program is ongoing training for cleaning personnel on product usage and procedures.

## ENDNOTES

1. This case study is based primarily upon information provided by Stephen Ashkin, Vice President, Rochester Midland, including the presentation at the President's Council on Sustainable Development Workshop on Extended Product Responsibility, Washington, D.C., October 21-22, 1996.
2. U.S. Environmental Protection Agency. 1991. Indoor Air Facts No. 4: Sick Building Syndrome. World Wide Web <http://www.epa.gov/iaq/pubs/sbs.txt>. April.
3. President's Council on Sustainable Development. 1996. *Eco-Efficiency Task Force Report*, Washington, D.C., pp. 38-39, Appendix B3.
4. An ASTM Task Force has developed a draft Standard Guide on Stewardship for Cleaning Commercial and Institutional Buildings that is under consideration within an ASTM Technical Committee. Stephen Ashkin of Rochester Midland is the Chair of the Committee and can be reached for information about the draft standard at Rochester Midland Corporation, 333 Hollenbeck Street, Rochester, NY 14621.

